the Freeman

Ideas on Liberty

APRIL 1974

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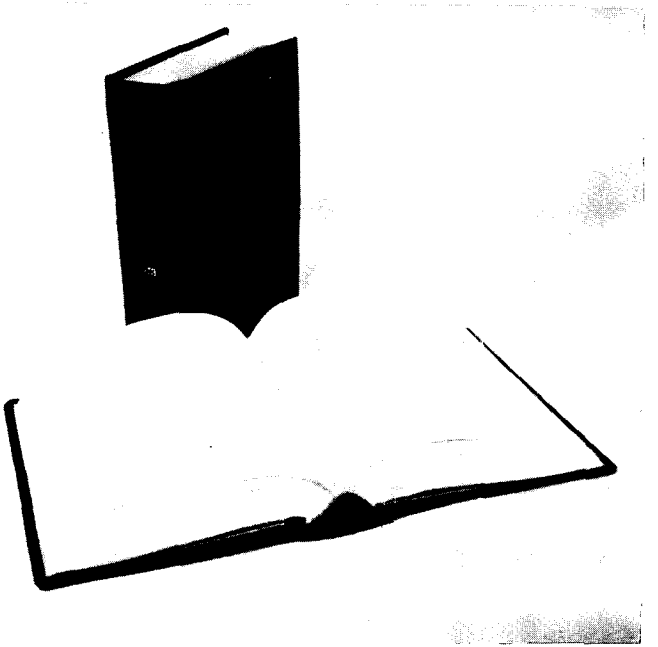

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LEONARD E. READ *President,* Foundation for Economic Education

PAUL L. POIROT *Managing Editor*

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Markets and Morals

ROGER DONWAY

MR. IRVING KRISTOL, speaking to the Mont Pelerin Society, raised the question whether a market society can survive, if it not only permits anti-market views, but actually fosters them insofar as they provide business opportunities. And on the assumption that it cannot, he asks whether there is in the market philosophy any reason for an entrepreneur not to invest in, say, the publication of anti-market literature. We know, as a matter of fact, that the Right has generally protested actions such as Simon and Schuster's publication of Jerry Rubin, but could the Right do so consistently, if such a publication were profitable?

Mr. Garry Wills has carried the argument even further in *Nixon Agonistes*. The philosophy of the market, he says, assumes that if it is profitable to supply some good, then that good will be supplied; which means, will be supplied by someone. But that assumption is possible only if we also assume that the marketeer's sole standard for production is: whatever is profitable. And this means that the marketeer cannot regulate his actions by any *other* standard, for instance, by any moral code. Thus, where Kristol says that the market society cannot maintain the ethics on which it is based, as a generally prevailing social norm, Wills says that the marketeer himself cannot maintain any ethical views.

Now it cannot be denied that such critics have been given grounds for their arguments. Professor Jeffrey Hart, in his book *The American Dissent*, wrote the

Mr. Donway, a recent graduate of Brown University, continues to deal as a free lance student and writer with the social implications of certain philosophical issues.

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following, approving description of Wilhelm Roepke's thought: "To the extent that an economy is free, he points out, production goes forward at the *command* of the consumers, whose desires, reflected in the market, are then reflected in the decisions of the producers." Hart contrasts this with a collectivist economy in which production goes forward at the command of bureaucrats. It would seem, then, that under any system producers can have no standards of their own, and the only question is: by whom shall they be commanded?

Similarly, in *Human Action*, Ludwig von Mises wrote:

> In his capacity as a businessman a man is a servant of the consumers, bound to comply with their wishes . . . His customers' whims and fancies are for him ultimate law, provided these customers are ready to pay for them. He is under the necessity of adjusting his conduct to the demand of the consumers. If the consumers, without a taste for the beautiful, prefer things ugly and vulgar, he must, contrary to his own conviction, supply them with such things.

I suppose one can understand why, as a matter of history, the defenders of capitalism adopted this line of argument. When the New Deal was culminating the long attack on businessmen as rapacious and exploitative, the image of a servant, or even a slave, may have looked like a good way to stylize the truth that businessmen make profits only by satisfying demand. It was an intelligible if unfortunate move. (And it should be pointed out that the most powerful, pro-capitalist rejection of this image, Ayn Rand's novel, *The Fountainhead*, was written in the very teeth of the New Deal.)

Consent vs. Coercion

The inherent problem with the attempted accommodation was summed up in another chapter of *Human Action*. In a section entitled "The Metaphorical Employment of the Terminology of Political Rule," Mises pointed out the vogue of describing entrepreneurs as "autocrats," or "kings"; and he also pointed out the fallacy of doing so, by making the necessary contrast between economic action, which is based on consent, and government action, which is based on coercion. The irony is that this section occurs as part of a larger one entitled "The Sovereignty of the Consumer." The new critics of capitalism have shown us why it is as necessary to forego political metaphors about the consumer as it is to deny them about the entrepreneur.

The questions raised by these attacks can be conveniently divided into those concerning the

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trader, and those concerning the entrepreneur. And in each case, I believe, the correct answer can be seen to lie in a return to the basic principles of capitalism.

In the case of the trader, this is fairly easy to see. In order for an exchange to take place, we need a buyer seeking a type of good, and offering certain prices for certain quantities of it. And we need a seller offering the type of good sought by the buyer, and offering it in at least one quantity for the price which the buyer is willing to pay. We are often reminded in economics that it may happen no mutually acceptable terms can be reached, and that then no trade will take place. We are less often reminded, though it is equally true, that a person may have no supply schedule at all for the good sought, even if he is capable of supplying it. Indeed, if he believes it is immoral to produce the good, he may well have no supply schedule for it, and there is no reason in capitalist theory to expect that he will.

Nor is there any reason to say that a person is "not acting as a businessman," if he refuses to supply a good when he believes it is immoral to do so. We know that trade results in mutual advantage; that is, each party values the situation following the trade more highly than he valued the situation preceding the trade. This gain, which Mises calls "psychic profit," is what the trader acts to achieve. But obviously there are preconditions for experiencing such a gain, and obviously too it is part of the businessman's job to ensure that those preconditions exist for him after the trade. There is thus no point in a trade whose very terms destroy those preconditions. And for that reason, a trader cannot set any price on his own death; and for that same reason, he cannot set any price on the suicide of his soul.

Anticipating Demand

In the case of the entrepreneur, of course, one can and should make the same point. But an entrepreneur is also set at the opposite pole from amoral pandering by another characteristic, which relates to the essence of his economic role. The arguments against the entrepreneur assume that his activity is called forth by demand. But it is not. As Mises says, "The only source from which an entrepreneur's profits stem is his ability to anticipate better than other people the future demand of consumers."

We must remember that the entrepreneur acts in the present to meet future demand, and we must remember that the time distinction is crucial. For then we can

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see how absurd is the critic's image of the entrepreneur as one who makes his profit by cynically catering to the consumers' irrational desires. Under this image, we would have to imagine him telling his bankers: first, that he intended to produce a good which it was widely thought people would not buy (since profits arise from unanticipated demand); second, that it was a good which people did not really need; and third, that it was a good which people could not reasonably desire. In effect, he would be asking them to bet against general opinion, against people's needs, and against people's intelligence. And that is, when one thinks of it, a most unlikely scenario.

A more plausible picture would be to note that because the entrepreneur must always stand against general opinion, he therefore needs, all the more urgently, to enlist the other two factors on the side of his product, and not against it. But how can he predict what people will truly need, or could reasonably desire, except by knowing for himself what is truly valuable? And why, knowing that, would he risk offering anything else?

Thus, when Garry Wills portrays the marketeer as "the late mover, the tester of responses," we may reply that, on the contrary, it is only through a personal estimate of his product, and a confidence in the correctness of his values, that the entrepreneur can have confidence in the correctness of his necessarily maverick judgment about the appeal his goods will have for others.

And when Irving Kristol says that the market offers no reasons against immoral trades, we may say that, first, the market insists a trade shall take place only when the terms are amenable to both parties, and in accordance with any standards they care to set; and second, that an immoral trade would by its nature be a bad trade, because it would destroy the preconditions of gain. The same point has also been phrased: what shall it profit a man if he shall gain the whole world and lose his own soul?

IDEAS ON LIBERTY

Appeal to Man's Best

ERROR always addresses the passions and prejudices: truth scorns such mean intrigue, and only addresses the understanding and the conscience.

AZEL BACKUS

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CHOICE or CHAINS

RIDGWAY K. FOLEY, JR.

HUMAN LIFE is a continuing series of choices between alternatives. This characteristic distinguishes human beings from other creatures. Animals may opt for one alternative in lieu of another but no base mammal possesses the faculty of rational choice, nor do the beasts and birds *know* that they choose – they act by habit or instinct.

Man alone possesses, acquires and hones the innate and improvable capacity to perceive, study, measure, evaluate, and finally select between courses of action. True, some of our choices appear intuitive, instinctive or habitual upon superfluous examination: for example, a rational adult seldom lays his hand upon the activated burner of an electric range unless he intends to maim himself; we learn, often after being informed by our elders, sometimes after sobering and painful experience, that hot stoves usually burn flesh and cause severe pain. Animals may also perform with superficial similarity: a dog once caught in a trap will exhibit wariness about similar devices. But the distinction between the two situations rests with a *rational* selection of alternatives: a canine will seldom if ever encounter a trap in order to release an unrelated beast; a man may touch a hot stove in order to rescue a human being or an animal somehow endangered by the machine. Thus, man may choose to countermand an instinctive course of conduct because he perceives the risk but believes he must (or ought to) assume the hazard in order to secure some ultimate personal goal. Thus, man makes *value judgments*, a feat which describes his choices and distinguishes him from other living creatures.

Mr. Foley, a partner in Souther, Spaulding, Kinsey, Williamson & Schwabe, practices law in Portland, Oregon.

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No One Can or Should Destroy Another's Right to Choose

If choice relates to the values held by individual, thinking, perceptive human beings, no one individual or group of individuals ought to deprive any other person or association of the right to choose, for no one can comprehend the values which make up the being of another person. Each individual is the product of the numerous concepts, mores, customs, experiences, deductions, intuitions and the like which constantly bombard and alter his being. Even if an all-knowing sage could look inside his neighbor's soul and mind and discern, at a given moment of time, the content stowed within, his wisdom would be outdated the next instant when the subject encountered some new knowledge from within or without, or the effect of a new experience. Thus, no man *can* possibly garner the wisdom necessary to make a meaningful choice for another being. More saliently, however, no man *ought to* denigrate the humanness of one or more of his fellows by depriving him of his right to choose in even the smallest particular. Since making choices separates human beings from mere biological inhabitants of the universe, one who dares destroy the right of free choice in another being, by coercion, threats, or fraud, in even the most minute particular, to that extent destroys the essential *humanity* of his victim for our humanity depends upon our choice-making capacity and our worth as persons depends upon the value of our choices.

Deprivation of choice or displacement of alternatives abound in modern society. A group of individuals seize power and tell others within a given territory that they may not manufacture, distribute and sell hydroelectric power, or that they cannot construct a fourplex on their real estate, or that they must work for a given wage and no other, or that they must contribute a share of the cost of putting a man on another solar body, or that they may hire only certain individuals of a given race, creed or color, or any one of thousands of other matters, insignificant or substantial. In some instances, the actor loses his choice completely, or is presented with a Hobson's Choice: do (or don't do) this, or you will lose your life, or all your property, or your liberty. Either the choice becomes nonexistent (no one will work for more or less than the stated wage because of fear, and two actors are required to act) or the consequences devastate the alternative which those in power wish to avoid (no conscripted sol-

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dier will refuse to obey a battlefield command, even if immoral, because of fear of immediate death at the hands of his superior officer).

Power groups may also displace free choice by offering inducements to some actors at a cost to others. Ordinarily, consumers would prefer clean and inexpensive electric heat for their homes and apartments, and the majority of them would cast their dollar vote in the market place for such a service. However, the claque in power may determine that oil producers should receive a subsidy unavailable to electricity distributors; the granting of this subsidy enables the oil and gas manufacturer to offer his product more cheaply, thus encouraging a change in consumption habits by the consuming public.

Harmonious Differences

Despite the seemingly haphazard and random existence of billions of choosing individuals, all seeking their private goals, an amazing phenomenon occurs in a free and unfettered world: a concatenation of effort and effect where each actor can fully and freely release his or her creative energy. No coercive, man-planned system can create harmony among myriad individuals — history is filled with examples of millions crushed under the heel of the despot's boot, or mutilated to fit Procustes' Bed. Twentieth century liquidation of kulaks in Russia, peasants in China, and the Jews in Germany bears sad witness to the tyrant's method of planning and its effect on human freedom.

What causes this meshing together of individual choice into a cohesive and rational whole? No man can fully comprehend and explain, any more than one can know and explain the phenomenon of electricity. But freedom, like electricity, offers substantial benefits to be enjoyed and appreciated. I need not understand how electricity develops, or how it is transmitted into my abode, in order to relax and bask in the generated warmth on a cold winter night. So, too, with liberty. I may not be able to explain why freedom works in bringing together myriad choice-making individuals into an ever-higher order, but I can recognize the fact and cherish the result.

A partial explanation appears to reside in the nature of mankind. Each questing, choosing human seeks to act in harmony with his vision of ultimate truth. Each approaches that essential reality from a different view with a different capacity for perception and action. The result is a blending of choices; and each step closer to

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truth more perfectly harmonizes the several choices. Man calls the ultimate truth of the Universe by different names. For some of us, the real essence resides in a personal, all-powerful Being we call God, Allah, or Yahweh. For others, the universe appears as a never-ending expanse governed by the ultimate force of natural laws. For the statist, man is a wholly perfectible creature in a relativistic sphere; man represents no more than silly putty to be molded into perfection by the all-wise planner (who, oddly enough, rises up from the mass which is to be planned and programmed). The free man believes that man, finite and imperfectible but capable of improvement, represents an ultimate value in himself and he resides in a rational universe governed by immutable laws and an unchanging truth which he can partially espy. The statist firmly believes that a man-created state can turn iron into gold (or, more saliently, special drawing rights into gold). The free man recognizes that, despite legislative and legalistic legerdemain, iron will remain iron, gold will remain gold, and never the twain shall meet.

The fact that the unprogrammed choices of diverse individuals can coordinate into an increasingly-improving world does not preclude disharmony from arising in human affairs from refusal to accept the burdens of liberty.

The libertarian avoids application of force and withstands the pangs attendant upon rejection, recognizing that freedom to live includes freedom to fail. He observes that values may conflict: A may wish a quiet life in a residential neighborhood; B may wish to play hard rock at 3 in the morning; C may opt to burn old rubber tires. In such instances, a free man seeks voluntary solutions to human problems, while the statist can only suggest force. Application of force necessarily deprives some man of his choice-making power and thereby denigrates his essential humanness.

Choice Represents an Absolute

Some things remain constant and eternal in a dynamic world. Choice is one of those matters. Creation occurs by choice, not chance. Only man or his Creator can create value, for only man and his Creator possess the power and ability to assess meaningful alternatives and to choose.

Choice, like truth, love and freedom, exhibits an absolute value as well as an absolute fact. Rightness or justice demands that each human being be permitted to exercise his essential humanness by an unfettered decision between alternatives.

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Choice cannot be avoided. I choose when I fail to choose or when I refuse to choose. Failure or refusal to choose constitutes a deliberate and voluntary decision as much as a preference for rosebuds over carnations or an election between euthanasia and life. Man cannot escape choice, nor can he avoid its consequences. Choice pervades life and one cannot elude his responsibility by the affirmation that the decision represents the product of some group, committee or state. If I commit theft by taking value created by my neighbor by force or duress, I must bear the consequences of that conduct; I cannot hide behind the alibi that the majority of voters somehow sanctioned this looting. No association or committee need answer for its conduct; only individuals incur that burden. Which is to say that every act of choosing incurs moral consequences for which the individual is responsible.

Again, how can one ascribe moral consequences to every decision between alternatives? In some cases, all will recognize the obvious: the decision to kill, molest or defraud or not to kill, molest or defraud another human being. In other instances the relationship, while very real, seems less readily apparent. In this regard, we must remain cognizant of the fact that reality exists, with or without our personal perception of the matter.

The Seen and the Unseen

In discerning the moral consequences of mundane choices, we must recall Bastiat's constant cry: Note the seen and the unseen! I lay my hand on a hot burner of a stove with the resultant searing of flesh. As a libertarian, I must concede that I am free to do with my life as I desire, without individual or group interference; I may maim myself or destroy myself. Thus, from the seen point of view what I have done by crippling my hand contains little moral effect. But consider the unseen: I must live with the consequences of that act. If unable to work because of my injury, I become dependent upon others for food, clothing and shelter and to the extent that I deprive the producer of value of the fruits of his labor I am responsible. If a promising pianist or mechanic, I deprive others of the value I could have produced and traded. The list is endless.

Again, I may choose to walk to work on Lancaster Street or on Lexington Street. How can we say that represents a moral choice? Suppose by taking Lancaster, I may witness an accident victim unattended, a scene I would not

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have encountered had I journeyed down Lexington. By venturing on Lancaster I came upon further circumstances which present further choices to me: shall I aid the victim like the good Samaritan or leave him because I wish to remain uninvolved. Remember, I cannot eschew choice so I must act. My choice of Lancaster over Lexington thus has more obvious moral overtones because of its relationship to subsequently developing situations and the decisions required thereby.

Simply put, every choice represents a moral choice not because of the particular act involved (taking Lancaster instead of Lexington) but by virtue of the intertwining of myriad choices into life itself. Because we reside in a causal world, decision interrelates with decision in a natural and immutable way and each of us must abide the ultimate responsibility for the way he lives his life. The morality of choice means that man must assume responsibility for all of the effects rationally generated by his choices.

Rousseau declared, "Man is born free, but everywhere he is in chains." Oddly enough, Rousseau and his followers helped chain succeeding generations of men more brutally than before.

Free choice represents the sole means of avoiding fetters. Either you choose, or some other man or group of men will choose for you. To the extent that others dominate your choice, you are chained.

Yet this singular fact remains: even though one voluntarily chooses chains or involuntarily loses his choice, he cannot escape the awful responsibility imposed upon human beings. It is this burden which so dismays the existentialists.

Man was created free, and he functions better in a state of liberty. He bears personal responsibility for his moral choices whether or not he is politically free. Therefore, he had best reside in a free dominion, fully responsible for his actions and choosing between the widest range of alternatives. To the extent that he lacks this choice, he loses his essential humanity and remains in the chains of slavery.

IDEAS ON LIBERTY

Ralph Barton Perry

IGNORANCE deprives men of freedom because they do not know what alternatives there are.

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ON MISERY AND RULE

STANLEY C. MCDONALD

A SOCIAL doctrine currently fashionable within the "intellectual community" is that poverty, hunger, and suffering in general are intolerable in a humane society. The implication is that society is not humane if it does not as a matter of course provide for the relief of all types of suffering. Since there is no consensus as to the means or extent of the relief of suffering (otherwise the point taken would be manifestly redundant) it must be left to the government, as society's instrument of force, to ensure this relief.

Let us look at this principle in the context of the philosophy expressed in the Declaration of Independence, that the function of government is to secure the various "inalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness." To be consistent, we must either acknowledge as one of the Rights that of freedom from suffering, or else append the philosophy of the Founding Fathers with the notion that government has a further function.

On the one hand, it appears that it is *not* an inherent Right that we be free from suffering. The "inalienable Rights" claimed by the Founding Fathers are those states of being with which men are "endowed by their Creator," states which are not only possible, but manifest. The thesis that a condition is a Right is thus untenable if, under foreseeable circumstances, that condition cannot possibly be realized. Hence, one cannot claim the right to *be* President, although he may claim the right to one day *qualify* for nomination, simply because not every man can possibly attain that position.

Although the Creator is selective when providing men with physical and mental attributes, He is exceedingly impartial with Rights, to the extent that they are equally bestowed upon men. The notion that freedom from suffering is a Right cannot be justi-

Dr. McDonald, a lecturer in the Department of Applied Mathematics and Theoretical Physics at the University of Liverpool, England, currently is on leave of absence at the University of Rochester, New York.

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fied on the basis of any empirical evidence, since it has never been demonstrated that men can be free from suffering.

We are thus left with the alternative – the relief of suffering is a *function* of government *in addition* to that of securing the "inalienable Rights." What remains to be shown is that it is not in violation of Rights that government exercises functions beyond the maintenance of Rights. In other words, is there a legitimate social use of force other than that necessary to secure men's natural rights? We would like to show that in the particular case of relief from suffering the answer must be "no." We will base our conclusions on the premise that suffering is an inherent aspect of man's cognizance of reality, and we will consequently try to demonstrate that the *suffering experience* is a necessary part of the pursuit of Happiness.

Through experience and reason we have come to realize that it is always those conditions which give rise to suffering which we aim to eliminate. Although suffering is a disagreeable experience, which may possibly bring about more suffering, it is not a substantial condition. We may describe "suffering" as the natural response of the body or mind to conditions which are not *in harmony* with the natural state of the body or mind.

Whereas the state of Happiness may be characterized by the cognizance of the condition of physical and psychological harmony, the pursuit of Happiness must entail the endeavor to eliminate the inharmonious conditions. Apparently the experience of suffering is the indication of sensitivity to such conditions; and, without that sensitivity, it is not clear how those conditions may be remedied. The systematic suppression of the suffering experience must prove a forbidding obstacle to the pursuit of Happiness. Only for those conditions of suffering which are evidently irremedial can we justify systematic relief.

Helpless or Foolish?

Let us look at two types of conditions which give rise to suffering.

One type of suffering is Poverty – a condition symptomatic of the lack of means, will, or freedom to attain a given level of *productivity*. Poverty itself is a state of inability to attain some level of *consumption*, and is frequently a source of other types of suffering. Inasmuch as the degree of consumption is determined by appetite as well as by need, we distinguish Poverty solely as a matter of necessity.

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Hazlitt[1] has suggested that the poverty line be the "level of subsistence sufficient to maintain reasonable health and strength." One interpretation of "reasonable health and strength" is that condition in which one can be productive to the extent that, relative to the prevailing societal mechanisms which correlate productivity and consumption, he may sustain his physical condition. In this interpretation, a man's situation is viewed in relation to self-perpetuation, independently of appetite and other arbitrary considerations. The poverty-stricken must somehow attain the necessities for consumption, presumably through increased productivity, or perish. It is for the relief of those who cannot help themselves that Charity is devoted.

In addition to Poverty, various kinds of suffering arise from error and folly. Whether the resultant suffering is of a physical or psychological nature, we are made sufficiently aware of actions which otherwise might pass as effecting harmonious conditions. Whether it is the remorse springing from harsh words to a friend, or a painful sunburn after a day at the beach, we have received a definite signal, a kind of natural chastisement.

1 Henry Hazlitt, *The Conquest of Poverty*, (Arlington House, New Rochelle, New York) 1973, p. 39.

Mistakes Become Habits If We Will Not Learn

We then have a choice. We can disregard the causal relationship between certain actions and suffering, and instead regard the pain as a matter of chance. We expect that as time passes we will suffer more and more: not only will we suffer repeatedly from the same type of mistake, but we will no doubt have to suffer from new mistakes. Alternatively, if we conclude that certain types of activities always result in suffering, we can resolve to avoid the suffering by not indulging in those actions. This is just what we mean by "learning from our mistakes." Only through this process do we have reason to expect that our efforts might become more fruitful and our sufferings decrease.

We could consider other types of suffering as well, but those which we have discussed cover a wide range of possible conditions and should be sufficient illustrations for our argument. In the one, suffering indicates a lack of balance between consumption and productivity, and spurs men to strive for such balance. In the other, suffering indicates that the causative activities are faulty or misdirected.

We conclude that although suffering is disagreeable, it is a natural response to certain conditions

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of life, which we disregard at our own peril. Life consists of a series of situations which are either forced upon us or are resultant from our actions. If we choose to be insensitive to the conditions which cause suffering, we are opting for ignorance and an endless struggle with a malevolent universe. On the other hand, if we pay heed to our sensitivity to the conditions we experience, we can expect the chance to learn from our mistakes.

It thus seems that any systematic attempts to shield men from the natural responses, including suffering, to those conditions to which their actions have led necessarily deny those men the facility to pursue Happiness. This is just another way of saying that if men are not held accountable for their actions, then they will soon have little way of knowing which actions they should undertake.

It may well be argued that, since government is an institution of force rather than production, it does not command the means to alleviate the conditions underlying suffering. Moreover, it is argued, government is sensitive only to *political* activity; its response to conditions of suffering must at most be unreliable. What, then, is the point of our argument?

We have shown that the attempt to protect men from the results of their actions, particularly suffering, is a move to deny them their inherent means with which to pursue Happiness. The proposal that a basic function of government is the relief of suffering is incompatible with the philosophy that government guarantee the Right of the pursuit of Happiness. Moreover, such a function is destructive of this end, and it is the "Right of the People to alter or to abolish it. . . ."

In the past forty years, the notion that "suffering is intolerable in a humane society" has been used with increasing effectiveness by those who would have an omnipresent state. We have seen, and are seeing more and more each day, the countless burdens we are having to bear as a result of some foggy theories about misery and rule. If anything, the cry that the government should undertake the relief of suffering has resulted in a gigantic free-for-all for the spoils of power.

If we will, we may learn from *these* mistakes and proceed on a course which, as envisioned by the Founding Fathers, will truly "secure the Blessings of Liberty to Ourselves and our Posterity." If we won't, we have only ourselves to blame.

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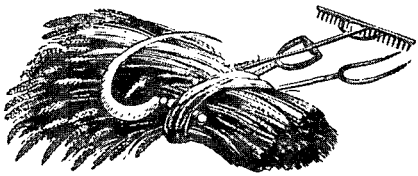
The Puritan Experiment in Common Ownership



GARY NORTH

ONE of the more familiar incidents in American history, at least within conservative circles, is the disastrous experiment with a common storehouse in the Pilgrim colony in 1621-23. Governor Bradford describes in some detail in his history of the colony how young men refused to work in the common fields in order to lay up produce for a common storehouse, only to see all goods divided equally among families. Upon petition of the planters, the Governor and his council decided to follow their advice: assign families their personal plots of farm land (according to family size) and abolish the common storehouse. Immediately, men and women returned to the harvest fields.

Dr. North, economist, lecturer, author, currently is an associate of Chalcedon, an educational organization dedicated to Christian research and writing. His latest book is *An Introduction to Christian Economics*, Craig Press, 1973.

What is less known about this incident is how the little colony ever made such a disastrous decision in the first place. The fact of the matter is that the colonists had never wanted to inaugurate a system of totally common property. The group of British "adventurers" that had supplied the Pilgrim exiles in Holland with traveling money and capital had insisted that the colony be made a part of the joint-stock company. The assets of the colony therefore were the assets of the company, headquartered in Britain, and the agricultural products were to be shared equally among company members, both colonial and British. Governor Bradford was the chief agent of the company in New England; hence, he was compelled to impose the common storehouse system.

In the original negotiations, it

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had been understood that profits would be shared by all members of the company, but the colonists had not agreed to the sharing of houses, gardens, and other improved land. They were informed of these terms only as they were about to leave for North America, and as they left, they sent back word to the merchant adventurers that their agents who had agreed to such terms had not been empowered to do so.[1] But the continuing dependence upon the company for resources during the first year of the colony's existence compelled them to give in to the company's terms.[2]

The story did not end in 1623, when necessity forced the hands of the colonists. In 1627, the bickering British directors sold out their interests in the colony to the settlers for £1800. The settlers were to spend a decade and a half in paying off their debt, and at times had to borrow extra time at rates of 30 per cent to 50 per cent. Nevertheless, they persisted and finally repaid the debt, in 1642.

In 1627, shortly after buying out the British directors, Governor Bradford supervised the division of the colony's assets among the settlers. First, they divided livestock. There were few animals, so the 156 people (less than 40 families) were divided into a dozen companies; each company received a cow and two goats. In January of 1628, the land was divided, this time by random lot. Complaints about unequal housing were forestalled by requiring those who received better housing to make an equalizing payment to those receiving poorer housing. Peace was preserved.

There was one decision, however, which was to prove costly. Meadow was in short supply, so it was kept in common ownership. Furthermore, fishing, fowling, and water remained "open" to all settlers.[3] The Pilgrims were to have the same difficulties with the administration of these common fields as their neighbors, the Puritans, were to experience. Only after 1675, when the "commons" throughout New England were increasingly distributed to the families in each town, were these problems overcome.

Varying Concepts of Ownership

In order to understand the thinking of the first half century of New England settlers, we have to realize that these immigrants did not bring over from England some

1 George D. Langdon, Jr., *Pilgrim Colony* (New Haven: Yale University Press, 1966), p. 9.

2 *Ibid.*, p. 26.

3 *Ibid.*, p. 31.

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universally accepted concept of land ownership. There was an obvious tendency for groups of settlers from one region in England to establish homogeneous townships in Massachusetts. English towns had developed at least three major systems of land tenure: the open field system, the closed field system, and the incorporated borough. All three appeared in New England in the early years.

The open field system stressed the community administration of land. It is this system which we generally associate with the word "medieval," although the Middle Ages saw many systems of land tenure. Sumner Chilton Powell has described these systems in some detail in his fine study, *Puritan Village*. The open field system "regarded the advantages of the area as communal property, to be shared by all. No one was to exclude a neighbor from such a necessity as good meadow, or the down, or the woods. And if anyone practiced such exclusion, or attempted to increase the amount of his holding at the expense of his neighbors, all villagers reacted instantly to restore their 'rights.'"[4] Needless to say, this approach did not survive long in the setting of New England.

[4] Sumner Chilton Powell, *Puritan Village* (Garden City, N. Y.: Doubleday Anchor, [1963] 1966), p. 11.

Extensive Trading of Land in Berkhamsted

Quite different was an English borough like Berkhamsted. In the early seventeenth century, over one thousand acres "were opened up, bought, or traded, in countless individual transactions. If the men of Berkhamsted were doing nothing else, they were trading land."[5] The legend of the Yankee trader was rooted in this sort of English inheritance. There were some enclosed lands, but most of the farmers were shifting as rapidly as possible to a system of individual farm management.

A third system was a sort of combination, the closed field system of East Anglia. "There was one common pasture, but each farmer was expected to provide a balance of arable, pasture, and hay meadow for himself. He succeeded, or failed on his own farming ability."[6] One of the problems in a Massachusetts town like Sudbury was the diversity of backgrounds of its inhabitants. There was no agreement as to where the locus of economic sovereignty should be. Should it be the individual farmer? Should it be the town's selectmen who controlled the resources of the town commons?

The towns and colonial govern-

[5] *Ibid.*, p. 26.

[6] *Ibid.*, p. 72.

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ments of seventeenth-century New England were not strictly theocracies; ordained ministers could not be elected to political office. But they were important as advisers. Furthermore, the laymen of that era were very often more theologically motivated than ministers of this century. Most of the towns were regarded as tightly-knit Christian commonwealths by their inhabitants, and during the first fifty years of their existence, they imposed restrictions on immigration into the local community. They were concerned that newcomers might not meet the religious and moral standards of the present inhabitants. As late as 1678, the records of Plymouth Colony offered the hope that "the Court will be careful, that whom they accept are persons orthodox in their judgments." The Puritan towns of Boston, Cambridge, Dedham, and probably many others all included the requirement that outsiders be cleared by town officials before they were allowed to buy land locally. Braintree even included a restriction on land sales (though not explicitly religious in intent) that local residents would have the right to bid first on all property offered for sale to outsiders.

It is significant that in the final quarter of the century, these religious restrictions were generally dropped. Instead, a new requirement – in fact, a new emphasis on an old requirement – appeared: restrictions on immigrants who might become a burden on the welfare rolls. The towns had steadily become more pluralistic theologically, but the fear of an increase in tax rates was a truly ecumenical device. By offering economic support to local indigents, the townspeople were afraid that outsiders might take advantage of this legal charity. Barriers to entry followed in the wake of "free" goods, however modest – and they were *very* modest – the size of the public welfare allotments.[7]

Pressure on the Commons

The fear of increased welfare burdens was not the only economic issue confronting established communities every time a stranger sought admission as a resident of some town. In the early years of settlement, each town had considerable land – six to eight miles square – and relatively few inhabitants. Each resident had legal access to the common pasturage and to any future divisions of land from the huge blocs owned

[7] On the size of local town charities, see Stephen Foster, *Their Solitary Way: The Puritan Social Ethic in the First Century of Settlement in New England* (Yale University Press, 1971), p. 137.

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by the town. But as the number of inhabitants increased, and as more and more distributions of town land reduced the available source of unowned land, the per capita supply of land began to shrink. Those inhabitants who had a share in the common pasture and the common lands sought to protect their control over further use and distributions of such property. In town after town, a new rule was imposed: outsiders had to purchase access to rights in the common property from local inhabitants. The result was a new appreciation of private ownership and private control of property, even among men who had grown up in English communities that had used the open field system of farming. The land hunger of New England after 1650 created new incentives to gain and exercise personal sovereignty over the chief economic resource, land.

There was another incentive to reduce the size of the community-owned property: bureaucratic wrangling. Page after page of the Massachusetts town records, year after year: how to restrain access to the common meadow? How to keep midnight visitors from cutting down choice trees for firewood or other uses? How to keep the meadow's fences in repair? Statute followed statute, to no avail. Fines were imposed, equally to no avail. "Free" land meant strong demand for its productivity, and town leaders never were able to find a rational, efficient means of restricting uneconomic uses of the town property. Men had a strong incentive to further their personal economic ends, and far less incentive to consider the public's position. The commons served as incentives to waste, for without a free market and private ownership, it was impossible to calculate accurately the costs and benefits associated with the use of the land. This is the chief economic flaw of all socialist systems, and the early settlers of New England were unable to solve it.

The Eternal Problems of Supply and Demand

Someone who has only a superficial knowledge of the history of the Puritans of the Massachusetts Bay Colony tends to see them as men obsessed with imposing religious restraints or moral restraints on private activities. They were concerned with such questions, as the records indicate, but from the bulk of the legislation, two problems were eternal, unsolvable, and endlessly bothersome to Puritan leaders: pigs without rings in their noses running through the town, and midnight tree cutters on the commons. The tree cutters, like the pigs, insisted

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on sticking their noses into other people's property.

The commoners – those who had legal access to the common fields and meadows – were too often involved in what today is known as "free riding." They planted crops in the common property, but neglected to keep their portion of the commons properly fenced. It was almost impossible to keep track of who was responsible for which plot. Towns had to intervene and assign plots, thus creating opportunities for local political dissension. Animals that wandered around the fenced land often broke down unrepaired fencing between plots, getting into someone else's crops. Tension here was continual.

Fencing inspectors were important officials in every town. Conflicts over responsibility were endless. Without private plots privately repaired, such conflicts were inevitable. In the early decades of Massachusetts, no single public policy prevailed long. First, the colony's General Court – the chief legislative agency – placed the responsibility for fencing on the local town; then it placed the responsibility on the local individual citizen; next it switched back to its original position of town control. The statutes did not function well in practice. Different communities had different problems, and the central government had difficulty in dealing with all of them through the use of any single administrative policy.[8]

The problem facing every selectman in every New England village was "the tragedy of the commons," as the biologist Garrett Hardin has called it. Each person who has access to the benefits of public property for use in his own personal business has a positive incentive to drain additional resources from the commons, and he has a very low or even negative incentive to restrain him. The cost of his actions are borne by all the "owners," while the benefits are strictly individual. One more cow or sheep or goat grazing on the town commons will register no noticeable increase in the communally assessed economic burden which rests on any single individual. Yet such grazing is immediately beneficial to the owner of the animal. High benefits, low costs: "Each man is locked into a system that compels him to increase his herd without limit – in a world that is limited."[9] It is not

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[8] William B. Weeden, *Economic and Social History of New England, 1620-1789* (2 vols., 1890), I, pp. 59-60.

[9] Hardin, "The Tragedy of the Commons," *Science* (13 Dec., 1968); reprinted in Garrett de Bell (ed.), *The Environmental Handbook* (New York: Ballantine, 1970), p. 37.

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surprising that selectmen would find themselves burdened with endless disputes concerning the size of the local herds and the proper – "fair" – assessments of the economic costs of running those herds on the commons.

There is an answer to the tragedy of the commons, at least where it is inexpensive to assign property rights. As C. R. Batten has argued, the transfer of ownership from an amorphous common group to individual citizens provides an incentive to reduce the demands made on the land. Private owners have to assess both costs and benefits of any activity, seeing to it that costs do not outrun benefits. By the end of the seventeenth century, Puritan leaders – or at least leaders who were the descendants of Puritans – reached a similar conclusion.[10]

With each piece of legislation, another problem or set of problems appeared. First, only actual town commoners could run their animals in the common meadow or in the outlying common lands. Only local residents could cut the trees. Later, the selectmen had to impose limits on the number of cattle that could be run, frequently on a "one cow per man" rule. Each man was assessed a few shillings per year for this right. Some people brought in horses; Boston banned them on Sundays. Sheep had to be supervised by a sheepherder. As more animals required full-time supervision, towns hired herdsmen. To keep the cost-per-beast low, each town resident was required by law to run his animal with the herd. Cambridge, for example, imposed a fine of one shilling on anyone whose cow was found on his land after 8 a.m. Since the driver left at 6 a.m., anyone who had not yet delivered his animal to the herd had to escort his cow to the driver, eating up scarce time. A similar law for goats was passed two years later, in 1639.[11] People naturally attempted to evade the law, and by 1648 the revenues supporting the town's herdsman were not meeting his salary. Consequently, in typical interventionist fashion, the selectmen decided to assess all men a certain amount, whether or not they ran cattle on the commons.[12] A similar rule was established in Watertown in 1665, and the massive evasions encouraged the selectmen to pass an even stiffer law in 1670.[13]

10 C. R. Batten, "The Tragedy of the Commons," THE FREEMAN (Oct., 1970).

11 *The Records of the Town of Cambridge, Massachusetts, 1630-1703* (1901), pp. 28, 39.

12 *Ibid.*, p. 72.

13 *Watertown Records* (1894), I, pp. 92, 94-95.

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Corrected Over Time

The confusion reigned for decades. As the Watertown records report so eloquently, "there being many complaints made concerning the disorderliness of cattle and swine and the multitudes of sheep in the town, it was voted that the matter above mentioned is left with the selectmen to consider something that may tend to reformation and to present what they shall do to the town to be confirmed."[14] Needless to say, the selectmen could not do anything about it, any more than half a century of Puritan town governments before them. The only solution was the distribution of the commons to local inhabitants—the demise of the commons.

Traditional patterns of life do not die out overnight. Men are usually unwilling to change their way of life unless forced to do so, either by economic circumstances or by direct political pressure. The little town of Sudbury was a case in question. Its inhabitants clung to the old English system of communal property management. The access to the commons was restricted, in 1655, and at least thirty younger men received no meadow grants for their animals. They went out of the selectmen's meeting ready to fight. Fight they did, until the town was split. They formed a new community down the road, Marlborough. Not gaining access to the local commons, they were perfectly willing to settle for a 24,000 acre plot a few miles away.[15]

Factional strife was not a part of the original goals of the founders of New England. Factionalism was a blight to be avoided; this opinion remained a touchstone of American political thought until James Madison wrote *Federalist #10*. Yet the quarreling over the commons was incessant, in direct opposition to the political and communal ideal of the peaceable kingdom.

"Togetherness"

The town of Sudbury was not to be the only Puritan village unable to cope successfully with the centrifugal forces created by the presence of socialized property within the town limits. The creation of Marlborough, despite the fact that the young founders also established a town commons, testified to the difficulty of preserving both the old common field tenure system and social peace in the midst of vast stretches of unoccupied land. It was too easy to move out, and this feature of New England was to erode the medi-

[14] *Ibid.*, p. 142.

[15] Powell, *Puritan Village*, chap. 9.

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evalism of early Puritan thought. The centralized social control necessary to enforce such a system of common land required the existence of widespread land scarcity. Ironically, it was in the final quarter of the seventeenth century that such land scarcity appeared – scarcity of the most productive lands – but by that time the haggling over the administration of the commons and increasing land values had already provided the incentives necessary to convince both leaders and average citizens that the commons should be distributed permanently.

One of the original goals of the founders of New England was that of social cohesion. The life of each community was to be religiously based. The church was the center of the town, both symbolically and very often physically. Men were to live close to each other, share in each other's burdens, pray together, and construct God's kingdom on earth. But there was a strong economic incentive to consolidate land holdings.

Even before the market of Boston created demand for agricultural products, men in the villages had begun to barter their land allotments. A man might live in the town with five or six acres of garden and meadow, and he might also have been given some forty- or fifty-acre plots in the common lands scattered around the town. Obviously, it was to the advantage of some men to consolidate their holdings, trading with others who also wanted to cut down on the time spent to travel – in mud, in snow, in dust – from one plot to another. Then, family by family, an exodus began from the central town. Artisans tended to come into the town's center; farmers, especially those affected by Boston's market (those in the immediate Boston area or close to water transport to Boston), needed to consolidate in order to rationalize production.

Despite the efforts of ministers and local selectmen, the population spread out; decentralization, when not political, was at least social. You could not examine your neighbor's intimate affairs when he was three miles away. The market for land was an agent of social decentralization.

The Urge for Privacy

The experience of the isolated little town of Dedham is illustrative of the effect of market freedom on traditional patterns of social and economic control. Professor Kenneth Lockridge describes the process:

> If the corporate unity of the village was slowly eroding, so was its physical coherence. The common field system began disintegrating almost

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from the day of its inception. Already in the 1640's the town permitted men to "fence their lots in particular" and presumably to grow in these lots whichever crops they wished. By the 1670's it had become usual for men to take up both special "convenience grants" and their usual shares of each new dividend in locations as close as possible to their existing lots, practices which aided the consolidation of individual holdings. The process encouraged by public policy was completed by private transactions, for an active market in small parcels soon emerged, a market in which most farmers sought to sell distant lands and buy lands closer to their main holdings. The net result was the coalescence of private farms. From here, it would be but two short steps for farmers whose holdings were centered in outlying areas to move their barns and then their houses from the village out to their lands. As of 1686 few seem to have taken these steps, but the way had been prepared and the days of a society totally enclosed by the village were numbered. In any event the common-field system was gone, taking with it the common decisions and the frequent encounters of every farmer with his fellows which it entailed.[16]

The closer to Boston, the faster these changes occurred, for if transport was cheap enough – within 10 miles or so along a well-traveled road – the effects of the free market were felt far more alluringly. It paid to become more efficient.

A Typical Development

The demise of the commons in Cambridge seems typical. The first division took place in 1662. A second followed in 1665. Two small divisions were made in 1707 and 1724. Various methods were used to determine who got what parcels of land: lots were drawn, or acres were distributed in terms of the number of cows a family was allowed to graze on the common meadow, or a committee was formed to consider other methods. In some towns there was considerable strife; in others, the distributions were relatively peaceful. The effects on Cambridge were significant, and in retrospect they seem quite predictable. After 1691, it was no longer necessary to pass new laws against the cutting of timber from the commons. Men owned their own land, and they cut or refused to cut as they saw fit. It was no longer necessary to pass laws against selling timber to men from other towns, a common feature of mid-seventeenth-century legislation in the towns. A thoroughly individualistic system of land tenure evolved.

The final impetus to private own-

[16] Kenneth Lockridge, *A New England Town* (New York: Norton, 1970), p. 82.

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ership came in the 1680's. James II, after coming to the throne in 1685, sent Sir Edmund Andros, the former Royal governor of New York, to take over as governor general of New England. The king meant to consolidate the political structure of the colonies, making them all purely royal colonies. Andros met with instant opposition. He began to hit too close to a crucial legal weakness of New England's towns.

By 1685, there were four New England colonies, New Haven having been absorbed into Connecticut in 1662: Massachusetts, Plymouth, Connecticut, and Rhode Island. (Plymouth became a part of Massachusetts in 1692). The right of these colonial governments to create valid, legal townships was in question; the right of the towns to act as if they were incorporated entities in giving legal title to land was not in doubt: it was illegal. The king's seal was not present in the towns, and this was an invitation for the king's newly appointed bureaucracy – a growing horde – to intervene to their own advantage.

In 1686, the Andros regime imposed a 2.5 shilling quit-rent per annum on all 100-acre lots not occupied or occupied by means of defective titles. Andros called for a re-examination of the land patents. Whether or not this represented a true threat to the majority of land owners, they certainly were convinced that his intentions were the worst, and that a major land-grab was about to be inaugurated. In the various political pamphlets issued in 1688-90 by outraged critics of his administration (later assembled as the *Andros Tracts*), this criticism was made over and over. It was a major reason cited as a justification for his overthrow in 1688. "Henceforward, the colonies took absolute control of the land. . . ."[17] Men desired, as never before, to gain clear-cut title to their lands. It intensified a pressure that was five decades old or more.[18]

The Market Process

Step by step, individual men asserted their sovereignty over land; the proprietors of the commons steadily transferred the unoccupied land surrounding the village, as well as the land in the more central common fields, to the citizens of the town. While they did not ask for competitive bidding as a means of distributing this land, the officials did effect a continuous

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17 Roy H. Akagi, *The Town Proprietors of the New England Colonies* (Gloucester, Mass.: Peter Smith, [1924] 1963), p. 124.

18 Philip J. Greven, *Four Generations: Population, Land, and Family in Colonial Andover, Massachusetts* (Ithaca, N. Y.: Cornell University Press, 1970), p. 61.

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transformation of ownership. In doing so, they established a break from the historical inheritance of many towns, the old medieval open field system of common ownership. The continual bickering over the allocation of timber, fallen logs, tree cutting by moonlight, town herds, herdsmen's salaries, fence mending, planting in the common fields, and policing everyone to see that these laws were obeyed, finally broke the will of the town officials. It was easier to give the land away; it was also more profitable for town residents, in most cases.

The tradition of the independent yeoman farmer so impressed Jefferson that he built an entire political philosophy around it. The idea that individual men are more responsible for the administration of property than boards of political appointees or even elected officials became a fundamental principle of eighteenth and nineteenth century American life. The concepts of personal responsibility and personal authority became interlocked, and the great symbol of this fusion was the family farm. The endless quest for land by American families is one of the most impressive tales in American history. It began as soon as the Pilgrims stepped off the *Mayflower* and their Puritan neighbors stepped off the *Arabella* a decade later. The experiment in common ownership in village after village over half a century convinced ministers, laymen, and political leaders that the private ownership of the means of production was not only the most efficient way to get Christian goals accomplished, but also that such a form of ownership was economically profitable as well. They saw, almost from the start, that social peace is best achieved by means of the private ownership of the tools of production, especially that most crucial of tools, land. The lessons of that first half-century of New England Puritan life is one of the most important heritages of American life. Without it, indeed, American life would be impossible to interpret correctly.

IDEAS ON LIBERTY

That Vital Spark

THE SPARK of liberty in the mind and spirit of man cannot be long extinguished; it will break into flames that will destroy every coercion which seems to limit it.

HERBERT HOOVER

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Best Housing Hope

BERNARD H. SIEGAN

MOST people with incomes below the national average cannot afford to buy or rent new housing. This is not a condition solely of modern times nor of high inflation. It has probably existed throughout history. There never has been a time or a civilization, and probably never will be one, in which all people had equal access to material goods. Moreover, in the case of housing, the new products are not always preferred to the old – at least this must be concluded from the many wealthy people who willingly pay huge amounts for old houses.

However, there are many people who feel that those of lesser means are entitled to new housing, almost as a matter of right. They contend that if the private sector cannot provide such housing, then it is the obligation of government to do so.

This was an underlying premise of the 1968 national housing act which called for the construction or rehabilitation of six million housing units for low and moderate income families over the succeeding decade and established subsidy programs to accomplish that aim. Another basis for that legislation was the conviction that government could effectively and efficiently subsidize the construction of housing for the less fortunate in our society.

Time has shown that Congress in passing this legislation, did not understand the operation of its own government. Admittedly, it was a mistake easily made, for the task appeared relatively simple. Establish subsidy programs, pro-

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Mr. Siegan is the author of *Land Use Without Zoning* and many articles on the subject. He practiced law for 20 years in Chicago before moving in 1973 to La Jolla, California where he is an adjunct professor of law at the University of San Diego Law School.

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vide them with billions of dollars, and it would be only a question of time before those billions would create new and better housing for the country's less fortunate citizens, at a reasonable per unit cost. Nothing could have been further from the truth.

Much housing was constructed under the program; in fact about 20 to 25 per cent of residential housing starts for 1970 and 1971 were for subsidized and public housing. Unfortunately, most of the beneficiaries probably were not poor people. By the time the product reached its intended recipients, a great many had profited along the way, including many who cheated and gave and accepted bribes. There were many scandals in the program, but even these might have been explained away had the program largely accomplished its purposes.

The results however, were highly unsatisfactory. Much of the construction was by the government's own evaluation defective and of poor quality. Perhaps the program created as many tax shelters for the rich as housing shelters for the very poor. A significant number of projects failed financially, and possibly worst of all, some of the developments intended to eliminate the slums themselves turned into almost instant slums.

With scandals and costs mounting and results remaining unsatisfactory, the Nixon administration in 1972 began to contract the subsidy programs and subsequently froze funds appropriated for them. "We can no longer afford $100 billion mistakes," said George Romney, who assumed office as Secretary of the Department of Housing and Urban Development a strong proponent of subsidized housing and left office an equally ardent opponent.

Government-Built Housing Is Costly and Wasteful

If the total cost of the subsidy programs were averaged over the successful units—which, of course, were far fewer than those built—the cost of each unit might be quite similar to the cost of housing in Beverly Hills (with hardly the same resale value). Even governments can go broke on this basis, and taxpayers can and should become very angry.

But the cry goes out: "How else can we provide for the housing needs of the less fortunate in society?" The operation of the real estate market provides the answer: enable or allow builders to produce more private housing, and the less affluent will benefit as much as the more affluent. Due to the operation of the filtering process, construction of housing for the well-to-do will equally benefit those

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of average, moderate and low incomes.

What is the filtering process? Filtering in housing occurs when new homes and apartments are constructed and families move into them, vacating their former residences for occupancy by others. The others, in turn, may vacate still other units and the process continues through many sequences.

A study of filtering in seventeen metropolitan areas of the country, made by the Survey Research Center at the University of Michigan, has shown that on the average the construction of one new unit makes it possible for a succession of 3½ moves to occur to different and more likely better housing accommodations. New construction thus helps more people indirectly than it does directly; 2½ moves occur to existing housing and only 1 move to new housing.

The study shows that more than one-third of all those who move are likely to be in the lower and moderate income categories, the targets of the subsidy programs. It also reveals that while most new construction occurs in the outer portions of the metropolitan area, these moves extend to older areas near the center of the city, where the poorer portions of the population tend to live.

The experience of the subsidy programs has demonstrated that new housing has not always meant decent housing; and it is decent housing, whether new or old, that should be the nation's objective. More private construction will accomplish that goal for more people without the huge waste of resources that seems inevitably to accompany government's efforts.

Accordingly, governments can best serve housing needs by eliminating laws and regulations such as zoning which impede development of the land. An unrestricted private market still remains the most efficient and effective means yet devised to provide better housing for the less affluent.

IDEAS ON LIBERTY

Mass Production

THE very principle of capitalist entrepreneurship is to provide for the common man. In his capacity as consumer the common man is the sovereign whose buying or abstention from buying decides the fate of entrepreneurial activities. There is in the market economy no other means of acquiring and preserving wealth than by supplying the masses in the best and cheapest way with all the goods they ask for.

LUDWIG VON MISES, *Human Action*

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The Sanctifying of PLUNDER

LEONARD E. READ

The law . . . has converted plunder into a right, in order to protect plunder.

— Bastiat

THE COMMANDMENT, "Thou shalt not steal," would be far better kept today had not theft assumed various disguises under which its practice has been generally sanctified. The gilding of an evil gives it a virtuous face – a Mr. Hyde's ugliness covered by a comely Dr. Jekyll mask. Why such subterfuge? To be thought of as a thief by others or to so regard oneself is utterly revolting to all but stunted mentalities; so, we try to sanctify our plunder!

The sanctification of plunder is as old as the history of man. If thievery was indeed the first labor-saving device, it was developed out of sheer ignorance. Survival is a laudable objective; therefore, if thievery is thought to be the only means to that good end, it must perforce be good. Thus is plunder sanctified by those who know no better.

Many tribal societies have practiced plunder, raiding their neighbors, taking home all the loot they could garner. But we can hardly be critical of them without criticizing ourselves.

Perhaps no other book has more wisdom between its covers than the Holy Bible. Yet, we find written there about twenty-three centuries ago: "Men do not despise a thief, if he steals to satisfy his soul when he is hungry."[1] This was written centuries later than "Thou shalt not steal." How can any practice be more sanctified than by biblical endorsement! However, we must understand the times lest we render too harsh a judgment.

Move on another fifteen centuries to St. Thomas Aquinas:

> The superfluities of the rich belong by right to the poor. . . . To use the property of another, taking it secretly in case of extreme need, cannot, properly speaking, be characterized as theft.[2]

[1] Proverbs 6:30 (King James version). It might be noted that modern translations render this passage differently.

[2] See Thomas Aquinas, 2a, 2ae, quaestiao 66, art. 7.

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The Rich, Back Then

Seven centuries ago, at the time of Aquinas, who were the rich? They were plunderers, the feudal lords who lived off the serfs – the poor. In all justice, what the lords possessed belonged less to them than to the serfs from whom they had taken it. Considering the politico-economic darkness in medieval times, it is understandable how a religious leader might sanctify plunder by those who had been plundered. The axiom, "Thou shalt not steal," was but an ancient flash of light with no sustaining source of energy.

There is no need for further illustrations of plunder sanctified. Every age and all civilizations abound with examples of this primitive trait of gilding evil that it may appear virtuous, a weakness which prevails to this day. There were some excuses in times past, prior to a knowledge of free market phenomena. But what of the present? How do we now sanctify plunder?

Today, whichever way the majority votes is generally conceded to be the criterion for what's right and wrong.[3] Once this nonsensical foundation of morality is accepted – approval by the majority – plunder is legalized and thus sanctified. Legislation, being a collective action, leaves hardly anyone with a sense of guilt. Why? The evil is depersonalized. Comparable is the mob that hangs Joe Doakes. The mob did it! The truth? Each of the lynchers committed the murder precisely as each person who is a party to legal plunder is guilty. Yet, the collective action affords each participant a false sense of absolution.

Legal plunder in the U.S.A. today, in dollar amount, is many thousands of times greater than, say, at the time of Aquinas or even during the lives of our founding fathers. In those days someone stole a pig or chicken or some other small item, not because thieves were more scrupulous then than now but simply because no one owned very much. However, my guess is that the proportion of all private property which is stolen or plundered is substantially the same today as in the past. What has changed, aside from the method of sanctification? The total quantity of property owned is thousands of times greater now than before. There is incomparably more to plunder, that's all. The propensity to plunder – to live off the fruits of the labor of others – appears to be as persistent a trait as it is evil.

In the light of free market, pri-

3 For an excellent analysis of this fallacy, see "The American System and Majority Rule," by The Reverend Edmund A. Opitz, *The Freeman*, November 1962.

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vate ownership, limited government practices with their moral and spiritual antecedents—of which the American people have had a remarkable sampling—how is this possible? I am now beginning to understand. This way of life has been but a flash of enlightenment, as dimly perceived as "Thou shalt not steal." The freedom philosophy, with but few exceptions, is no better understood than was the commandment against theft of more than thirty centuries ago. No intellectual muscle in either case, no sustaining force.

Cause and Effect

With few exceptions, the masses of people in this and other "advanced" countries have not correlated the fantastic outburst of creative energy with the practice of freedom. Ortega pinpoints this failure:

> The world which surrounds the new man from his birth does not compel him to limit himself in any fashion, it sets up no veto in opposition to him, on the contrary, it incites his appetite, which in principle can increase indefinitely. Now it turns out—and this is most important—that this world of the XIXth and early XXth centuries not only has the perfections and the completeness which it actually possesses, but furthermore suggests to those who dwell in it the radical assurance that tomorrow it will be still richer, ampler, more perfect, as if it enjoyed a spontaneous, inexhaustible power of increase. . . . They believe in this as they believe the sun will rise in the morning. The metaphor is an exact one. For, in fact, the common man, finding himself in a world so excellent, technically and socially, believes it has been produced by nature, and never thinks of the personal efforts of highly endowed individuals which the creation of this new world presupposed. *Still less will he admit the notion that all these facilities still require the support of certain difficult human virtues, the least failure of which would cause the rapid disappearance of the whole magnificent edifice.*[4] (Italics added)

Is there a remedy? Yes, but the price gives the appearance of being too high. First, there is required of you and me a far better understanding of the freedom philosophy than we now possess and, to top it off, brilliant explanations of its efficacy. In a word, show the correlation between the abundant life and freedom so attractively that others are bound to take heed. Actually, this is not a high price—it is the very least we should do for ourselves, if not for others.

Second, let us begin to call this practice of "robbing selected Peter to pay for collective Paul" by its

[4] From *Revolt of the Masses* by Jose Ortega y Gasset (New York: W. W. Norton & Co., 1932).

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right name: legalized plunder. Frederic Bastiat gave us the measuring rod more than a century ago in *The Law:*

> See if the law takes from some persons what belongs to them, and gives it to other persons to whom it does not belong. See if the law benefits one citizen at the expense of another *by doing what the citizen himself cannot do without committing a crime.* (Italics added)
>
> This question of legal plunder must be settled once and for all, and there are only three ways to settle it:
>
> 1 – The few plunder the many.
>
> 2 – Everybody plunders everybody.
>
> 3 – Nobody plunders anybody.
>
> We must make our choice among limited plunder, universal plunder, and no plunder. The law can follow only one of these three.

Finally, there must be a recognition that might—majority rule—does not make right. Counting noses is no way to decide moral, ethical, or economic matters. This accomplished, plunder will lose its legal backing and, thus, its sanctification.

Let the law defend the rightful owner of property rather than the thief. Let freedom prevail!

IDEAS ON LIBERTY

Legal Plunder

THE WAR against illegal plunder has been fought since the beginning of the world. The law itself conducts this war, and it is my wish and opinion that the law should always maintain this attitude toward plunder.

But it does not always do this. Sometimes the law defends plunder and participates in it. Thus the beneficiaries are spared the shame, danger, and scruple which their acts would otherwise involve. Sometimes the law places the whole apparatus of judges, police, prisons, and gendarmes at the service of the plunderers, and treats the victim – when he defends himself – as a criminal. In short, there is a legal plunder.

FREDERIC BASTIAT, *The Law*

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The Motive Force of Society

FREDERIC BASTIAT

IT IS NOT within the province of any branch of human knowledge to give the ultimate reason for things.

Man suffers; society suffers. We ask why. This is equivalent to asking why God has given man feeling and free will. We know on this subject only what is revealed to us by the faith in which we believe.

But whatever may have been God's plan, what we do know as a positive fact, what human knowledge can take as a starting point, is that man was created a *sentient being* endowed with *free will.*

This is so true that I defy anyone who may be astonished at it to conceive of a living, thinking, desiring, loving, acting being – of anything, in a word, resembling man – yet lacking in sensibility or free will.

Could God have done differently? Of course, our reason says yes, but our imagination will forever say no; so radically impossible is it for us to think of man as being without this double attribute. Now, to be *sentient* is to be capable of receiving identifiable sensations, that is, sensations that are pleasant or painful. Hence well-being and suffering. By the very fact of creating sensibility, God permitted evil or the possibility of evil.

This unfinished manuscript, written in 1850 during the final months of his life, is part of Bastiat's effort to explain man's role in a harmonious universe. It appears as Chapter 22 in *Economic Harmonies,* translated by W. Hayden Boyers, edited by George B. deHuszar, available in paperback from The Foundation for Economic Education, Irvington-on-Hudson, N.Y. 10533, $3.50.

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In giving us free will, He has endowed us with the faculty, at least to a certain extent, of avoiding what is evil and seeking after what is good. Free will presupposes intelligence and is associated with it. What good would it be to have the power to choose, if the power to examine, to compare, and to judge were not joined to it? Thus, every man born into the world possesses a *motive force* and an *intellect.*

The motive force is that inner, irresistible drive, the very essence of all our energy, which impels us to shun evil and to seek after the good. We call it the instinct of self-preservation, personal interest, or self-interest.

This impulse has sometimes been decried, sometimes misunderstood, but there can be no question as to its existence. We seek indefeasibly everything that to our mind can improve our lot; we avoid everything that is likely to impair it. This fact is at least as certain as that every molecule of matter possesses centripetal and centrifugal force. And even as this double movement of attraction and repulsion is the great motive force of the physical universe, so the double impulse of human attraction toward happiness and human aversion to pain is the great motive force of the social machine.

Intelligence

But it is not enough that man should be irresistibly disposed to prefer good to evil; it is also necessary for him to distinguish between them. And this God has provided for by giving man the complex and marvelous mechanism called intelligence. To direct our attention, to compare, to judge, to reason, to relate cause and effect, to remember, to foresee – such are, if I may so express myself, the moving cogs of this wonderful machine.

The driving force that is in each of us moves at the direction of our intellect. But our intellect is imperfect. It is subject to error. We compare, we judge, we act accordingly; but we can be wrong, make a bad choice, turn toward evil, mistaking it for the good, or we may shun the good, mistaking it for evil. This is the first source of social *discord;* it is inevitable for the very reason that the mainspring of human nature, self-interest, is not, like attraction in the material world, a blind force, but one guided by an imperfect intellect. Let us therefore clearly realize that we shall find harmony only with this restriction attached to it. God has seen fit to establish the social order, or harmony, not upon the basis of perfection, but upon that of man's perfectibility. Yes, if our intellect is imperfect,

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it is also perfectible. It develops, enlarges, corrects its errors; it repeats and verifies its operations; at every instant experience sets it right, and responsibility holds over our heads a whole system of punishments and rewards. Every step that we take toward error plunges us more deeply into suffering, so that the warning signal does not fail to make itself heard, and our decisions, and consequently our acts, are sooner or later inevitably set aright.

Under the impulse that actuates him, man, eager to pursue happiness, quick to seize hold of it, is quite likely to seek his own good in another's harm. This is a second and fertile source of discordant social relations. But their field is limited; they are inevitably eliminated by the law of solidarity. The activity of one individual thus misdirected provokes the opposition of all other individuals, who, being hostile to evil by their nature, reject injustice and punish it.

The Source of Progress

In this way progress is achieved, and it is nonetheless progress for being dearly bought. It is the result of a natural, universal drive that is innate, directed by an intellect that often errs, and subject to a will that is often perverse. Halted in its course by error and injustice, it surmounts these obstacles with the all-powerful aid of responsibility and solidarity – a help that is ever present, since it stems from the obstacles themselves.

This inner, indestructible, universal motive force that resides in every individual and makes of him an active being, this tendency of every man to seek happiness and to shun misery, this product, this effect, this necessary complement of sensibility, without which the latter would be merely a meaningless burden, this primordial phenomenon which is the origin of all human action, this attracting and repelling force which we have called the mainspring of the social machine, has been disparaged by most social philosophers and political theorists; and this is certainly one of the strangest aberrations to be found in the annals of science.

It is true that self-interest is the cause of all the evils, as well as all the benefits, that can fall to the lot of man. This cannot fail to be the case, since self-interest determines all our actions. Certain political theorists, seeing this, have conceived of no better way to cut off evil at its roots than to stifle *self-interest*. But, since by this act they would also destroy the very motive force of our activity, they thought it best to en-

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dow us with a different motive force: *devotion* and *self-sacrifice*. They hoped that henceforth all social transactions and arrangements would be carried out, at their bidding, on the principle of self-abnegation. People are no longer to seek their own good but others'; the admonitions of pain and pleasure are no longer to count for anything, any more than the punishments and rewards of responsibility. All the laws of nature are to be overturned; the spirit of self-sacrifice is to take the place of the instinct of self-preservation; in a word, no one is ever to consider his own personality except to hasten to sacrifice it to the common good. It is from in their own hearts so that it is this complete transformation of the human heart that certain political theorists, who believe themselves to be very religious, expect the coming of perfect social harmony. They forget to tell us how they propose to carry out the indispensable preliminary, the transformation of the human heart.

Let Them Try It

If they are mad enough to undertake it, they will certainly not be strong enough to achieve it. Do they desire the proof? Let them try the experiment on themselves; let them try to stifle self-interest no longer evidenced in the most ordinary acts of their lives. They will not be long in admitting their own inability to do so. How, then, do they presume to impose upon all men, without exception, a doctrine to which they themselves cannot submit?

I confess that it is impossible for me to find anything religious, except in outward appearance and at the very most in intention, in these affected theories, these impracticable maxims, to which their authors give lip service while they continue to act like the common run of humanity. Is it true religion that inspires in these Catholic economists the presumptuous thought that God has done His work badly and that they must set it right? Bossuet[1] was not of this opinion when he said, "Man aspires to happiness; he cannot do otherwise."

Tirades against self-interest will

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1 [Jacques Bénigne Bossuet (1627-1704), bishop of Condom and of Meaux, was the outstanding pulpit orator of his day, his funeral orations for members of the royal family ranking as brilliant examples of French classical style and power. As tutor to the heir apparent, the son of Louis XIV, he wrote his *Histoire universelle*, one of the classics on which French school children were raised for generations. His vigorous stand against Protestantism and his successful leadership of the Gallican movement, which brought increased independence to the Catholic Church in France, reveal him as an important ecclesiastical, as well as literary, figure.—TRANSLATOR.]

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never have great scientific significance; for by its very nature it is indestructible, or at least it cannot be destroyed within man without destroying man himself. All that religion, morality, and political economy can do is to enlighten us regarding this impulse, to show us not only the immediate but also the ultimate consequences of the acts that it prompts within us. Greater and constantly increasing satisfaction following a momentary sensation of pain; long and constantly aggravated suffering following a momentary pleasure: this, in the last analysis, is moral good and evil. What determines man's choice in favor of virtue must be his higher, enlightened self-interest, but basically self-interest it will always be.

If it is strange that people have decried self-interest, not only in its immoral abuses, but also as the providential motive force of all human activity, it is even more strange that they have not taken it into account and have felt that they could work in the social sciences without reference to it.

With the unaccountable folly of self-pride, political theorists have, in general, considered themselves the guardians and directors of this motive force. For every one of them the point of departure is always the same: Assuming that humanity is a flock of sheep and that I am the shepherd, how shall I set about making humanity happy? Or else: Given, on the one hand, a certain quantity of clay, and on the other, a potter, what must the potter do to make the best possible use of the clay?

Our political theorists may differ on how to decide who is the best potter, or who can mold the clay most effectively; but they agree on this point, that their function is to mold the human clay, just as it is the role of the clay to be molded by them. They establish between themselves, in their capacity as the lawgivers, and the rest of mankind a relationship analogous to that of guardian and ward. It never occurs to them that man is a living body, feeling, willing, acting in obedience to laws that it is not their province to invent, since these laws already exist, even less to impose, but rather to study. It does not occur to them that mankind is composed of a great host of beings in every way similar to themselves, in no way their inferiors or subject to them; that their fellow men are endowed both with an impulse to act and with intelligence to choose; that in everything men do they are affected by the promptings of responsibility and solidarity; and that, finally, from all these phenomena there results a pattern of already existing rela-

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tions that it is not the province of the social sciences to create, as these theorists imagine, but to observe.

Rousseau's Error

Rousseau was, I believe, the political theorist who most naively exhumed from antiquity this idea, which had already been resurrected by the Greeks, of the omnipotence of the lawgiver. Convinced that the social order is a human invention, he compares it to a machine. Men are the cogs; the prince makes it run. The lawgiver invents it at the bidding of the political theorist, who thus, in the last analysis, activates and controls the human race. That is why the political theorist never fails to address the lawgiver in the imperative mood; he orders him to give the orders: "Establish your nation on such and such a principle; give it good manners and customs; make it bow to the authority of religion; orient it toward war or commerce or agriculture or virtue, etc., etc." The more modest among them hide behind the anonymity of the passive voice. "Idlers *will not be* tolerated in the republic; the population *will be* suitably distributed between the cities and the country; steps *will be* taken so that there will be neither rich nor poor; etc., etc."

These formulas attest to the inordinate presumption of those who use them. Implicit in them is a conception of man that leaves the human race not one shred of self-respect.

I know of no doctrine more false in theory or more disastrous in practice. On both scores it leads to lamentable consequences.

It gives rise to the view that the social economy is an artificial arrangement that has sprung from the brain of an inventor. Every political theorist, therefore, constitutes himself an inventor forthwith. His greatest desire is to win acceptance for the machine he has invented; his greatest preoccupation is to represent all other proposed social orders as detestable and especially that which springs spontaneously from the nature of man and the nature of things. Books conceived according to this plan are and can be only a long tirade against society.

This false science does not study the concatenation of cause and effect. It does not investigate the good and the evil that acts produce, leaving it afterwards to the motive force of society to select the course to be followed. No, it enjoins, it restrains, it imposes, and if it does not have the power to do these things, at least it gives advice; like a physicist who would say to a stone, "There is nothing to hold you up; therefore I order

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you to fall, or at least I advise you to fall." It is on this principle that M. Droz[2] has said, "The aim of political economy is to make prosperity as general as possible"; a definition very favorably received by the socialists because it opens the door to every utopian scheme and leads to regimentation. What would people think of M. Arago[3] if he began his course of lectures in this fashion: "The aim of astronomy is to make gravitation as general as possible"? It is true that men are animate beings, endowed with will power and enjoying freedom of choice. But there is also a kind of inner force in them, a kind of gravitation; the question is to know toward what they gravitate. If it is inevitably toward evil, then there is no remedy, and certainly none will come from the political theorist, who as a man is subject to the same unfortunate tendency as the rest of mankind. If it is toward the good, the motive force is ready-made; science has no need of replacing it with coercion or advice. Its role is to enlighten men's free will, to show the relation between cause and effect, confident that, under the influence of truth, "prosperity tends to become as general as possible."

A Crushing Responsibility

In practice, the doctrine that places the motive force of society, not in all mankind and in the nature of man, but in lawgivers and in governments, has even more unfortunate consequences. It tends to weigh down the government with a crushing responsibility that does not belong to it. If there is suffering, it is the fault of the government; if there is poverty, the government is to blame. For is not the government the universal motive force? If this motive force is not good, we must destroy it and choose another. Or else the blame is placed on political economy itself, and in recent times we have heard it repeated *ad nauseam*: "All the suffering of society can be attributed to political economy."[4] Why not, when it is presented as having for its goal the securing of men's happiness

2 [Joseph Droz (1773-1850), French philosopher and economist, member of the French Academy.—TRANSLATOR.]

3 [Dominique François Arago (1786-1853), famous French scientist and statesman, member of the provisional government of 1848, and the Minister of War and the Navy.—TRANSLATOR.]

4 "Poverty is political economy's doing . . . Political economy has to have death come to its aid . . . It is the theory of instability and theft." (Proudhon, *Economic Contradictions*, Vol. II, p. 214.)

"If the people lack the means of subsistence . . . it is the fault of political economy." (*Ibid.*, p. 430.)

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without any effort on their part? When such ideas are current, the last thing that occurs to men is to turn their gaze upon themselves, and to see whether the real cause of their woes is not their own ignorance and injustice – their ignorance, which exposes them to the law of responsibility; their injustice, which brings down upon them the action of the law of solidarity. How could men dream of blaming themselves for their woes when they have been persuaded that by nature they are inert, that the source of all action, and consequently of all responsibility, lies outside themselves, in the will of the sovereign and of the lawgiver?

If I had to point out the characteristic trait that differentiates socialism from the science of economics, I should find it here. Socialism includes a countless number of sects. Each one has its own utopia, and we may well say that they are so far from agreement that they wage bitter war upon one another. Between M. Blanc's *organized social workshops* and M. Proudhon's *anarchy*, between Fourier's association and M. Cabet's communism, there is certainly all the difference between night and day. What, then, is the common denominator to which all forms of socialism are reducible, and what is the bond that unites them against natural society, or society as planned by Providence? There is none except this: *They do not want natural society.* What they do want is an artificial society, which has come forth full-grown from the brain of its inventor. It is true that each one desires to play Jupiter to this Minerva; it is true that each one fondly caresses his own invention and dreams of his own social order. But what they have in common is their refusal to recognize in mankind either the motive force that impels men toward the good or the *self-healing* power that delivers them from evil. They quarrel over who will mold the human clay, but they agree that there is human clay to mold. Mankind is not in their eyes a living and harmonious being endowed by God Himself with the power to progress and to survive, but an inert mass that has been waiting for them to give it feeling and life; human nature is not a subject to be studied, but matter on which to perform experiments.

The Economic Approach

Political economy, on the contrary, after first establishing the fact that within every man are the forces of impulsion and repulsion that together constitute the motive power of society, after making certain that this motive

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force tends toward what is good, does not propose to destroy it and to replace it with another of its own creation. Political economy studies the highly varied and complex social phenomena to which this motive force gives rise.

Does this mean that political economy has no more to do with social progress than the study of astronomy has to do with the actual movement of the heavenly bodies? Certainly not. Political economy deals with beings who possess intelligence and free will and as such – let us never forget – are subject to error. Their tendency is toward the good; but they can be mistaken. The utilitarian function of science, therefore, is not to create causes and effects, not to change man's natural bent, not to foist upon him social orders, injunctions, or even advice, but to show him the good and the evil that results from his own decisions.

Thus, political economy is a science concerned exclusively with the observation and description of phenomena. It does not say to men: "I urge you, I advise you, not to get too close to the fire"; or: "I have thought up a social order; the gods have inspired me to create institutions that will keep you far enough away from the fire." No; political economy notes that fire burns, announces the fact, proves it, and does the same for all similar phenomena of the moral or economic order, convinced that this is all that is necessary. It assumes that an unwillingness to be burned to death is a basic, innate attitude that it did not create and that it cannot alter.

Differences by which Men Grow

Political economists cannot always be in agreement, but it is easy to see that their differences are of quite another kind from those that divide the socialists. Two men who devote themselves to observing the same phenomenon and its effects, like rent, for example, or exchange or competition, may not arrive at the same conclusion; but this proves nothing except that one of the two, at least, has observed badly. The work will have to be done over. With the help of other investigators the chances are that the truth will finally be discovered. That is why – provided only that every economist, like every astronomer, keeps himself informed on the advances his predecessors have made – this science cannot fail to contribute to progress and consequently to be ever more useful, constantly correcting past errors in observation, and continually adding new observations to those already made.

But the socialists – isolating

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themselves from one another, so that they may concoct, each one on his own, artificial contrivances out of their own imaginations — could go on pursuing their investigations in this way through all eternity without ever coming to an agreement and without one man's work ever in any way helping another's. Say profited from Smith's investigations; Rossi, from Say's; Blanqui and Joseph Garnier, from those of all their predecessors. But Plato, Sir Thomas More, Harrington,[5] Fénelon, Fourier may revel to their heart's delight in drawing up their Republics, their Utopias, their Oceanas, their Salentes, their Phalansteries, without there ever being any connection between any one of these flights of fancy and the others. These dreamers draw it all, men and things alike, out of their own heads. They dream up a social order not connected with the human heart; then they invent a new human heart to go with their social order. . . .

[5] [James Harrington (1611-1677), English political philosopher, whose work on the ideal state, entitled *Commonwealth of Oceana* (1656), advocating a written constitution, rotation of magistrates and legislators, indirect election of the president, the secret ballot, and agrarian reforms, is believed to have influenced political thought in the United States and other democracies.—TRANSLATOR.]

IDEAS ON LIBERTY

An Interesting Question

THE SOCIALIST does not trust in the goodness of humanity. He is convinced that the hungry will not be fed, the naked clothed, the aged cared for, the sick visited, unless the power of the state intervenes to confiscate from society the means necessary for the state to attend to these needy. But this poses an interesting question. If the vast majority in our society really share this powerful urge to help the needy, why do they fear for the fate of charity if left to the voluntary care of the people? It is a well-known fact that there is little or no administrative cost in the sort of family or neighborhood charity for which America was famous, whereas there is great administrative cost in the compulsory redistribution of wealth by government agencies. So what is there to lose in allowing the people to follow their avowed inclinations without recourse to the power of the state?

GLENN L. PEARSON, College of Religion, Brigham Young University

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MORRIS J. MARKOVITZ

I$ INFLATION HERE TO $TAY?

SOMEDAY, you will have to retire. How much money will you need to support a decent standard of living when that time comes? $7,000 for a single year? $10,000? $25,000? $100,000? There is no way to know, because there is no way to know exactly how much inflation there will be. But even without exact figures, we *can* know that it will take many more dollars to support oneself in the future if inflation continues.

A 35-year-old man now earning $20,000 a year may need $200,000 a year or more by the time he retires. How can he possibly save that much? Whatever he does save will be continually eroded by inflation, with the value of his dollars being stolen away gradually over the years. And the word "stolen" is used here in a very literal sense.

Mr. Markovitz is a commodity research analyst for a New York-based brokerage firm.

Inflation has a tendency to accelerate – to get worse and worse, and at an ever-rising rate. During the past year or so, inflation has finally reached proportions significant enough for everyone to notice its effects, though few understand its cause.

Inflation usually is "explained" in one of the following ways:

(1) Greedy businessmen, unsatisfied with "reasonable" profits, raise prices to line their own pockets at the expense of consumers. Then laborers have to ask for higher pay in order to maintain their standard of living. Businessmen, in turn, use this increased labor cost as a pretext for raising prices once more, and a vicious cycle ensues that results in spiraling inflation.

(2) Greedy labor unions, unsatisfied with "reasonable" pay scales, raise their demands in order to line their own pockets at

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"legal tender," and hands it out by various means until it gradually permeates the economy. Thus, it can now be deduced that even the "ridiculous" 1000 per cent increases are not so impossible after all. If the government were to inject 1000 per cent more money into the economy, all prices would rise about 1000 per cent. Wage earners would be getting $50 per hour, and a loaf of bread would cost $5. *The only thing that prevents this is the government's decision not to print that much money.* Instead, the government prints only 5, 8, or 10 per cent more money each year, so prices rise only about 5, 8, or 10 per cent. (Note, however, that a "mere" 8 per cent annual increase amounts to over 1000 per cent in 30 years, when compounded.)

What does all this mean for the "typical" consumer? In general, it means bad things. Inflation hurts wage earners, those with savings, and those on fixed incomes such as the elderly and the handicapped. Inflation helps the sophisticated borrowers and the politicians. Inflation literally takes money out of the pockets of some and puts it into the pockets of others.

Here's how the whole scheme works: By a roundabout and complicated procedure, the Federal Reserve Bank is allowed, in essence, to print money which it "lends" to the government at interest. (This, by the way, is where most of the national debt is owed: to the banks.) This money consists of those green "Federal Reserve Notes" that everyone carries in his wallet. These pieces of paper used to be redeemable in silver. Now, all they are is a "promise" – a promise to pay the bearer one dollar. *Not* one dollar in silver or gold. Just one dollar. And what is "one dollar" today? Why, it's another one of those same pieces of paper! In other words, the money people carry in their pockets is really nothing more than a promise to give a promise to give a promise . . . without ever *really* promising anything at all.

Legal Tender Laws — A Unique Privilege

However, the government has passed a law which gives a unique privilege to the Federal Reserve Bank (a nominally private bank). The "legal tender" law says that this bank's notes must be accepted at face value for the payment of any debts. Creditors are thus forced by law to accept payment in such paper dollars irrespective of any loss in value on the market. This is very important because it is the key element that makes inflation profitable for the banks

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and the government, at almost everyone else's expense.

A large part of the newly printed "legal tender" goes to the government, which then spends it to buy some of the goods in the economy, leaving fewer goods for the rest of us. Since the general public still has essentially the same amount of money it started with, this money is left to chase fewer goods, the result being higher prices.

It all boils down to the law of supply and demand, which applies to money as well as anything else: if there is more money around, its value per unit decreases. Inflation is this increase in the quantity of money, which "depreciates" the value of each dollar. In this way, inflation amounts, literally, to the theft of the earned values of people who save. It is a disguised tax — it enables the government to take real goods out of the market apparently without anyone having to pay. Everyone does pay, but in the form of higher prices instead of an outright tax. This is particularly convenient because it enables the government to carry out its policies without being subject to the scrutiny of the citizens. For example, during the Viet Nam war, the government had the Federal Reserve print huge sums of money to pay for men and material to fight the war. The current inflation owes much to the printing spree of those years. If, instead, the government had taxed us directly, we would have known *then* how much it was costing us and might have reacted much sooner. Financing the war by inflation deprived us of this choice.

Patterson's Scheme

As a matter of interest, central bank inflation was invented under circumstances of war by William Patterson, a canny Scot who founded the first Bank of England in the 1690's. Both the bank and the King benefited. The bank made fortunes in interest collected on money created out of thin air, by permission of the King. The King was allowed to continue fighting the war. The war had been very popular, but people began to lose their enthusiasm as their pocketbooks were pinched more and more by taxes. Patterson's scheme allowed reduced taxes, so citizens didn't realize that their money resources were being depleted through inflation instead. The King was relieved of the distasteful prospect of having to terminate the war, Patterson reaped immense profits from his clever scheme, the public was hoodwinked into paying for the whole thing both in money and blood, and the institution of central banking was invented that would

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the employer's expense. He then raises prices, passing the expense along to the consumer. The consumer, noting that his cost of living is increasing, asks for more of a wage increase. Again, the vicious cycle ensues.

These two explanations are similar from an economic point of view, but different from a political point of view. "Liberal" politicians tend to use the first explanation, laying the blame conveniently at the door of business, whereas "conservatives," just as conveniently, would lay the blame at the door of labor unions. Both explanations rely upon the same economic argument, and each is as false as the other.

Monetary Manipulation

Inflation is caused by neither business nor labor. The real cause is the government's manipulation of the monetary system. If getting a raise were simply a matter of demanding it and going out on strike, then why doesn't labor ask for 1000 per cent instead of a mere 10 per cent? And if raising prices were simply a matter of the businessman's whim, then why doesn't he raise prices by 1000 per cent instead of a mere 10 per cent? Obviously, these are extremes. But economic principles apply at the extremes as well as in the middle. It should be obvious that, in these extreme cases, it is definitely *not* the threat of government action that prevents the increases. Even if the government tried to encourage such huge increases, they still could not be adopted. No one would buy the exorbitantly priced goods, so business would fail. No one would hire the exorbitantly priced labor, so workers would be unemployed. Yet, even though this principle of supply and demand is obvious in the extreme case, most people tend to lose sight of it when only small amounts are involved.

In order not to lose sight of it, let us ask: *Why* wouldn't people buy goods priced 1000 per cent higher? *Why* wouldn't businessmen hire labor costing 1000 per cent more? The answer is simply that *they can't afford it. They haven't got the money.*

Now, let's carry this one step further. The same principle that applied to the extreme case of 1000 per cent above, also applies to the case of 10 per cent, or even the case of 1 per cent: *Consumers can't pay even 1 per cent more for all their purchases unless they have 1 per cent more money. Businessmen can't pay even 1 per cent more wages unless they have 1 per cent more money.*

Where does this money come from? The government prints it on pieces of green paper, calls it

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The Necessity of Government

DAVID KELLEY

ANARCHISM is, on the face of it, a political philosophy; it is, therefore, a theory about the proper relation between the individual and the government. The theory is very simple: it is that there *is* no proper relation between the individual and the government – because there ought to be no government. For this reason, anarchism is held by many to be a simple-minded theory. By many on the right, however, it is held to be merely a simplification of their basic principles, with all the appeal of such simplicity. For libertarians believe that government has fewer proper functions than it currently assumes, in this country and others; and when the so-called free market anarchists say that government has *no* proper function, it is often thought that they are merely taking the principle of liberty, with great rigor if little wisdom, to a logical extreme. And this image of the anarchist as a logical purist, as a friend of rigor though the skies fall, is also cultivated very assiduously by the anarchists themselves. But the image, I suggest, is an illusion. Logic, like virtue, is something of which one cannot have an excess; but anarchism is distinguished by its lack of that quality. Its antipathy to law apparently extends even to the laws of thought.

The first and most basic failure of the anarchist logic is its failure to notice a crucial distinction. An anarchist is one who wishes to place coercion, the use of force and the ability to use it, on the market. The use of force to prevent the initiation of force against its citizens is the basic function of government, and the essence of "free market" anarchism is to hold that this service should be on the market, like any other. In holding this view, anarchists overlook a crucial difference between this coercive service, and all other economic goods and services.

The distinctive feature of coer-

Mr. Kelley is a graduate student in philosophy at Princeton University.

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cion derives from the position of values in the market place. Values are, in the first instance, the subject of moral philosophy, whose task it is to discover their nature, and to formulate the proper standards for evaluating goods and actions, means and ends. This task is one of discovery, because values are objective. It is a fact that some things are values whereas others are not; it is a fact that some things are more valuable than others. In a free market and a free society, however, individuals may pursue whatever ends they choose, regardless of whether they really are valuable; and they may apportion their time and money to things in ways that may or may not reflect the relative importance of these values. People can and of course should take moral considerations into account, but nothing compels them to do so.

Despite the protestations of statists from Plato onward, there is no contradiction here. For in a free society, the actions of one person do not restrict the proper liberty of another, including his liberty to act morally. One has no right, therefore, to restrict the actions of someone just because they are immoral. In a free market, the production and trade of economic goods are determined by individual value preferences; and whether these are moral or immoral, rational or irrational, the exchanges of economic goods to which they give rise do not violate anyone's rightful freedom – that is to say, his rights. Your enjoyment of your rights is not endangered by my misuse of mine. If this were not the case, then to the extent that it were not, the market would have to be regulated by some institution outside the market: for the market is unjustifiable if it allows the violation of individual rights. Fortunately, the market as we know it does not allow this, and requires no outside regulation – with the exception of a single economic good: coercion.

Coercion Is Different

The use of coercion against criminals and foreign aggressors is a service, one provided by the government to its citizens. As such it may be considered an economic good. But it differs from all other economic goods in just the respect mentioned. When its use is morally improper, it does violate individual rights. Coercion, in this world, must sometimes be exercised. Given the existence of criminals, and the constant possibility that some men will prefer criminal to honest means and ends, the existence of a power to prevent and punish this by force has a certain value. Its value is restricted, however, by the moral

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principle forbidding its use against persons who have not themselves used force against others. If this power is exercised improperly, if it is not used in accordance with the objective principles that define and delimit its value, then it violates rights – the rights of innocent people, or at least the right of the guilty to have their guilt objectively demonstrated before suffering punishment. This is true by the very nature of coercion, and it is true only of coercion.

Coercion, therefore, and coercion alone, falls under the proviso mentioned earlier: since it has the potential for violating rights if used improperly, its use cannot be determined by the value preferences people happen to hold, whether right or wrong; and so cannot be determined by market forces. Coercion has a place in social life, but it must be kept in place; and the market is not the institution to do this. Power to coerce, then, must be reposed in another institution altogether, one outside the market and the sway of subjective value preferences. This institution must have strict control – a monopoly, in effect – over the use of force, since its function is to take force off the market. Its use of coercion must be determined solely by rules derived from the appropriate moral principles; and it must operate in accordance with such rules without taking into consideration any individual or collective desires to the contrary. This institution all men call government.

The Nature of the Market

Here, then, is the first failure of the anarchist logic: it fails to discern that feature of coercion which distinguishes it from the economic goods offered on the market. A second failure concerns the nature of the market itself. It consists in the assumption that the market would exist without the government. Anarchists wish to see the services presently offered by the government offered instead by private "protection agencies" competing on the free market. We have seen why this is not appropriate, given the nature of this particular good. We must now question the assumption that in the absence of governmental institutions outside and protecting the market, a free market would even exist for protection agencies to offer their services in.

The free market is one in which all exchanges are voluntary. A person can trade his time, effort, money or goods for those of another only if the latter is willing. The economic laws of a free market are true only when or to the extent that this condition obtains.

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Consider, for example, the law of supply and demand. What would happen to prices if one did not have to pay for a good at a price acceptable to the seller, but could take the good by force, giving nothing in exchange? There is no way of telling. The law of supply and demand does not apply to thieves. The economic analysis of the market assumes that the use of force does not occur, that all exchanges are mutually acceptable to the parties involved. It assumes, in effect, that the cost of using force is infinite.

This assumption is legitimate, for in free market theory there exists an institution outside the market which protects the rights of individuals, and therefore ensures that the principle of voluntary exchange will be observed. This institution may work well or badly, but its working well or badly is not a subject of economic law; it is the concern, rather, of political and legal theory. The government codifies and enforces the rules of the market; it establishes a framework of rights and liberties that men must respect in action. Economic theory then tells us what happens as individuals act within that framework to acquire the things they value. Economic laws are to political laws as principles of strategy are to the rules of a game.

A Dilemma

For anarchism, however, all this is changed. Anarchists hold that in their scheme also, force would not be used; coercion would not be a feasible alternative to voluntary exchange. But they cannot assume this in describing the market as they would have it. They cannot assign the problem to another field, as we do, and say that whatever is necessary to prevent the use of force we shall bring about by consciously designing our institutions to that end. The anarchists would place governmental services on the market, to be offered by entrepreneurs on the basis of their own value preferences and their expectations about the preferences of others. But if so, then they can only try to predict what is likely to come about from the interplay of human interests. If we ask how our rights are to be secured to us in the anarchist system, the anarchist can only answer *que sera sera*. At best he can try to predict what would happen.

The anarchists, then, have their work cut out for them. They must show how, by the mechanism of the market, things work out in such a way that force is not used. But of course they cannot do this without assuming the existence of a free market, an assumption to which they are not entitled. They

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cannot make their case – substantiate their prediction that force will not be used – without relying on economic laws; but economic laws, as we have seen, are true only on the assumption that all exchange is voluntary, which is the very point at issue. It should, no doubt, be easy to prove that the cost of using force is prohibitive, if one assumes from the outset that the cost of using force is infinite. But the proof would be invalid; it would be circular. A principle of strategy, which tells one what to do *given that the rules must be followed,* is hardly the vehicle by which to prove that the rules must be followed in the first place.

The Problem of Monopolies

Consider, for example, the problem of monopolies in an anarchistic society. What is to prevent protection agencies from banding together to destroy the competition and form a monopoly over protective services? Is it because monopolies do not occur in a free society? But the reason monopolies do not occur is that anyone is free to compete with large firms and, by underselling them, cut into their market; it is because the only determinant of success in a free market is the ability of the entrepreneur to *persuade* consumers of the value of his goods, to give them the best *choice.* What would happen if force as well as persuasion could be used against consumers and competitors? Why would the large protection agencies restrain themselves from driving out the competition by force? That is, after all, what happens in the nearest model we have to the anarchist system of protection agencies – the criminal underworld. Clearly the anarchists are assuming what they have to prove: that the market would be free, that competition would exist unhindered, that coercion is not a means by which men would deal with each other.

Coercion is not, of course, the only means by which men do deal with each other; in most societies, gang warfare is an exception. The anarchist may wish to argue, on the basis of this fact, that from a state of nature protection agencies would arise in peaceful competition, and the anarchist vision would be fulfilled. But this argument too is denied him. For wherever men, finding themselves without government, have not descended to the level of gang warfare, they have done something else equally damaging to the anarchist hypothesis: they have formed new governments. Or, in the anarchist terminology, they have formed monopolistic "protection agencies." But this is precisely what

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the anarchist says would not happen in an anarchistic situation. Anarchism lives on its opposition to government, but every government that exists is a refutation of anarchism; for it belies the anarchists' prediction that if only we can send government away it will not come back.

Again, anarchists complain that governments are immoral because they initiate, or would initiate, the use of force against anyone forming a rival "protection agency." Now it is false that this would be immoral: a government is justified in preventing any private power designed to exercise coercion, because such a power is a threat to the rights of its citizens, even if the power is never actualized. But the fact that governments *would* use force in this way is another refutation of anarchism; for such a use of force by one "protection agency" against another to keep its monopoly is precisely what the anarchist predicts would not occur.

That such things happen, or would happen, is embarrassing to the anarchist because he allows no means for preventing them from happening. The anarchist is caught in a dilemma. Like his namesake of the nihilistic left, he rejects the social institution through which men attempt, by positive action, to insure themselves of certain conditions necessary for social existence; yet unlike the nihilist he believes that there are such conditions, and that a form of society in which they do not obtain is unacceptable. Caught in this dilemma, he can only try to argue that these conditions will come about by natural law, so that we need do nothing ourselves. But this argument, we have seen, is riddled with logical errors. It ignores the difference between coercion and economic goods on the market, a difference that undercuts the argument from the outset. It relies, for its argument that coercion would not in fact occur, on principles that assume coercion cannot occur, which makes the argument circular. And since it rests on a prediction about what men *would* do, it is vulnerable to the historical facts about what men *have* done. In the end, the anarchist cannot escape his dilemma; his dilemma is a contradiction. He is advocating a certain end, a society free of violence among men, while rejecting the only means of achieving that end. Thus anarchism is hardly even a political philosophy. It is, much rather, an attempt to escape the responsibility of providing one. It would, as its critics contend, be a disaster in practice; but that is because it is fantastic and incoherent in theory.

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continue to hoodwink people for hundreds of years.

Inflation has always been a problem for countries whose governments were allowed to print money without limit. For various reasons, inflation has a strong tendency to accelerate unless it is stopped altogether. Unfortunately, the usual remedy offered by governments is price controls, which cannot work in theory, have never worked in practice, and are not working today, because they do not attack the real cause of inflation: the wanton printing of paper money. Price controls simply create shortages, as is attested to by our current economic problems.

One index some economists use to predict forthcoming inflation is the Federal Reserve's holdings of government bonds. When these increase, it means that the decision was made to print more money to "pay" for them, and that inflation is on the way. The very government officials who pose as "inflation fighters" are in fact the people in society who are most responsible for the inflation in the first place.

The *only* way to end inflation is to end the unlimited power to print paper money. Unless the legal tender laws are abolished, there is slight prospect of a return to the kind of a hard currency traders would choose as a medium of exchange.

IDEAS ON LIBERTY

Laissez Faire

IT IS the very essence of prices that they are the offshoot of the actions of individuals and groups of individuals acting on their own behalf. The catallactic concept of exchange ratios and prices precludes anything that is the effect of actions of a central authority, of people resorting to violence and threats in the name of society or the state or of an armed pressure group. In declaring that it is not the business of the government to determine prices, we do not step beyond the borders of logical thinking. A government can no more determine prices than a goose can lay hen's eggs.

LUDWIG VON MISES, *Human Action*

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Money

Said the Crawling Peg
To the Dirty Float,
"We're two lost souls
"In a leaky boat,
"And down below there's a hole
in the hold
"That can't be plugged with
Paper Gold."

THIS, in rhymed capsule, is the gist of the proceedings of the first International Monetary Seminar, which was sponsored last spring by the Committee for Monetary Research and Education, Inc., at the Arden House campus of Columbia University. The seminar was held some time before the Arabs, contemptuous of paper money whether called Paper Gold or not, decided to use the "oil weapon" to force the western world to let Israel go down the drain. But the handwriting was on the wall even before the Arab ukase.

With not a single western nation dedicated to disciplining its economy, why would the raw material owners in the so-called Third World go on giving their riches away for what John Exter calls, not IOUs, but "Who-owes-you-nothings"? The publication in book form of the Arden House proceedings (*Toward a New World Monetary System,* edited by G. C. Wiegand and issued by the Engineering and Mining Journal of the McGraw-Hill Publications Company;

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$8.95) is a not-so-gentle reminder that the oil-producing countries of the world, having achieved what is close to a corner on exportable energy, could use their dominant position to pick up most of the loose gold in the world. They would then proceed to hold their gold, along with their oil, until the West had ceased to deal in "Who-owes-you-nothings."

The contributors to *Toward a New World Monetary System* can't quite spell out what the money of account, or the *numeraire*, of the future will be, but most of them seem to agree that gold will be either the official or the unofficial standard. There may be no such thing as an objective store-of-value (value is always subjective, as Carl Menger and Ludwig von Mises both taught), but, historically, most people have agreed that a basic medium of exchange must have purity, rarity and inbuilt resistance to rot. Gold fills the bill better than silver, which is more abundant and tends to drift off into use in industrial and commercial forms.

Basic Disagreement

The authorities who debated with each other at Arden House were not of one mind on the subject of the Bretton Woods system, which was viable until a distrustful world, uncertain of what to do about a seventy-billion "Eurodollar" overhang due to the scandalous monetary behavior of Washington, began to worry about the persistently adverse international balance of the U.S. Henry Hazlitt and John Exter, I gather, would agree that Bretton Woods, with its central bank manipulation of currency "swaps," its "special drawing rights," and so forth, is beyond resurrection. Fritz Machlup, on the other hand, seems to be saying, along with Professor David Meiselman, that there could be life in the old dog yet. I am not enough of a technical student of banking to follow Professor Machlup on "gliding parities" and the various degrees of "managed floating" (isn't that a contradiction in terms?), but I can see that politicians in past eras have not always respected a gold *numeraire*. Says Fritz Machlup, "In my reading of economic history neither the gold standard nor any other system of fixed exchange rates have [sic] ever effectively curbed governments in their extravagant spending policies . . . when eventually the inflation of credit, prices and incomes threatened to deplete the country's gold and exchange reserves, the gold parities or dollar parities were changed or given up. A barrier which is lifted whenever it really bars is hardly worth having."

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Professor Machlup's knowledge of history may be good, but there are tides in the affairs of nations. When indiscipline has resulted in chaos, there is nothing to do but to agitate for a discipline that would permit people to protect themselves against the further depredations of irresponsible politicians. Without peering too far ahead into the mist, can't it be said that the time has come to let U.S. citizens own gold if they so choose? We are now off the gold exchange standard, so what is the objection to letting people establish their own private hedges against a continuing inflation? If Arabs can hold gold, why not John Doakes in Kokomo?

Helpful Suggestions

Henry Hazlitt's contribution to the Arden House deliberations seems to me to be eminently sound simply because he does not strive to combine a lot of things into "a higher synthesis" that would be a blueprint for a better international monetary system. What Mr. Hazlitt does is to suggest that we stop doing a number of things on the national scene before worrying about great international conclaves. He says that establishing a sound currency is an ethical problem that begins at home. People have a moral right to make contracts in anything they choose; that is what personal liberty means. One of the things that Congress could do without waiting upon international cooperation would be to restore the right of American citizens to buy gold on whatever terms they choose. This, says Mr. Hazlitt, would open gold markets everywhere in the world, and it would immediately establish gold as a de facto international money, whether monetized or not.

The second thing advocated by Hazlitt would be to balance the Federal budget. He would do this not by raising taxes but by slashing expenditures. If we were to discipline ourselves by balancing the budget over a fairly long period, the dollar would be respected in world markets, and it would become possible at some point to return to a full gold standard.

Poor Reception

What Mr. Hazlitt has to say is, of course, not being listened to in Washington. Nixon, in his desperate effort to find favor with some of his "liberal" enemies, has asked for a whopping budget that can be paid for in full only by running up some more Keynesian deficits. The little spending trickles will flow together to become broad rivers. As our "pols" see it, it would be a desirable thing to

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protect people against "catastrophic" illness, so why not a "national" health plan? Poor people should have access to lawyers, so why not a private (i.e., a government-financed) corporation, something comparable to the Post Office, to provide "free" legal service to those who can't afford good counsel? And why not a Family Assistance Plan to put a "floor" under everybody? This is the way the tide now runs on Capitol Hill. So what Mr. Hazlitt proposes will probably not be listened to until we have had another round of inflation, culminating eventually in an inflationary crisis.

Even though we have not reached the point where it is likely that the majority of our politicians are ready to listen to Mr. Hazlitt's common sense, some things may be done to improve the U.S. position in the world. William J. Casey, Jr., our Under Secretary for Economic Affairs, suggests, in an interesting paper on the "Internationalization of the Capital Markets," that we balance off the investments that we make abroad by attracting foreign investors to our own shores. He thinks we "have enormous assets not the least of which" is a "high standard of disclosure and fair dealing." Will the Arabs, who have gold to invest, listen? We'll see.

▶ THE PEOPLE FACTOR: *Managing the Human Climate* by Philip Lesly (Dow-Jones-Irwin, Inc., Homewood, Illinois, 1974) $9.95.

Reviewed by Charles Hull Wolfe

IN THIS book, an unusually perceptive, knowledgeable and articulate public relations man has attempted to tell how a private institution can do an effective communications job in a relatively new situation — in a human attitude-climate no longer peaceful and mild but essentially hostile and stormy.

As the author puts it in his introduction, "In an era when most men and women seem to have become assertive, when every kind of viewpoint has a movement and a loud voice," the gap between institutions and their publics "is threatening to undermine all of our organizations and the society they compose. It seems not only pertinent but urgent that the causes of this estrangement be diagnosed, and a course of treatment sought."

From time to time the author reveals considerable understanding of the American "miracle" which simultaneously "produced the greatest degree of individual freedom and the greatest range of individual choice of any major society in history." He is also aware

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that this society's foundations are threatened by those on the "left," and that their activism includes physical militancy and the presumption that private institutions are "guilty until they have gone through an inquisition."

But Philip Lesly manages to trace this attack to a variety of secondary causes, terming the "estrangement" between private organizations and their publics "a direct consequence of the growth and complexity of our institutions," the failure of business to communicate the need for profits, and the fact that "in some areas business has not performed adequately in the public interest."

Nowhere, as far as I could detect, did the author bluntly and boldly portray the underlying cause – the deliberate, long-standing attack by collectivist-minded intellectuals determined to destroy our traditional, religiously-oriented society and system of individual liberty, and replace it with secularism and statism.

Had the author worked from this premise, he could have better interpreted various phenomena which he has correctly observed but not adequately explained, such as the promulgation by contemporary intellectuals of two contradictory articles of faith: 1) That the average individual cannot be relied on to assume responsibility for his own actions, and 2) That the average individual must be given power to determine how all our institutions are operated.

While contradictory in and of themselves, in today's mental climate both contentions tend to further the cause of socialism, and thus are consistent as precepts of socialist propaganda.

Just as the author leaves something to be desired in explaining root causes of the worsening business climate, he also fails to make some important recommendations for improving the mental atmosphere. For example, as far as I'm aware, he never urges those who prefer responsible freedom to devote themselves to a systematic, in-depth study of liberty, and to develop their ability to intelligently present the case for a free society and a free market.

Again, in titling his book, the author may have violated one of his own precepts – that to lessen our social problems, we must stop creating unattainable expectations – for surely his title implies that the human climate in America *can* be managed. In an authoritarian country, "managing" the human attitude-climate – controlling or directing it, rendering it subservient to one's will – would be hard enough; but in a relatively free society, no one – and certainly no businessman or corporation – has

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the power to make such clear-cut guidance possible.

Nonetheless, Philip Lesly is a most interesting and well-read man who appreciates liberty and fair play, and who reveals considerable writing skill and a great deal of insight on a wide variety of subjects. Most friends of freedom should be able to gain from his book useful ideas on how to communicate more effectively.

▶ **PSYCHO-CHEMICAL WARFARE: THE CHINESE COMMUNIST DRUG OFFENSIVE AGAINST THE WEST** by A. H. Stanton Candlin (New Rochelle, N. Y.: Arlington House, 1974) 540 pp., $14.95.

Reviewed by Allan C. Brownfeld

IN THIS VOLUME, the author argues persuasively that the Chinese Communists are engaged in a massive campaign aimed at the West with narcotic drugs as the primary weapons.

A. H. Stanton Candlin, a native of Tientsin, North China, and a long-time member of the British Foreign Service who was at one time Chemical Advisor to the British High Commission in Germany, and held important intelligence responsibilities, makes an impressive case.

The use of narcotics as a political weapon by the Chinese Communists, Mr. Candlin points out, is not unique in world history. "History," he writes, "is replete with examples of the use of drugs to attain political ends . . . consider in this regard, examples of the use of drugs for political purposes, such as provided by the sect of the Assassins in Syria, Persia, and elsewhere; the Roshaniyeh in Afghanistan; and, in more recent times, the Japanese narcotics or psychochemical warfare offensive."

Marco Polo wrote in his *Travels* of the Assassins: "The Grand Master of the Assassins, whenever he discovers a young man resolute enough to belong to his murderous legions, invites the youth to his table and intoxicates him with the plant Hashish. Having been secretly transported to the pleasure gardens, the young man imagines that he has entered the paradise of Mahomet . . . he is informed that he can enjoy, perpetually, the delights he has just tasted if he will take part in the war against the Infidel as commanded by the Prophet."

It is from the Japanese, however, that the Chinese Communists learned how drugs could be used as an effective political weapon. The principal characteristics of the Japanese campaign, the author notes, were that, "It provided a

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means of exploiting Chinese susceptibility towards drugs . . . whereby they could undermine the fabric of Chinese society and liquidate the authority and influence of the National Government . . . By it they could weaken the Chinese will to resist at all levels . . . It was a means of inducing collective defeatism among their enemies."

Mr. Candlin warns that the narcotics offensive being launched by the Chinese Communists embodies in a special Marxian sense the application of the ancient military maxim of Sun Tzu (c. 500 B.C.), sometimes called the Chinese Clausewitz: "To fight and conquer in all your battles is not supreme excellence. Supreme excellence consists in breaking the enemy's resistance without fighting."

The book is filled with documentary evidence and statements such as that from Harry J. Anslinger, the U.S. Commissioner for Narcotics for many years.

In 1950, after the Chinese Communists established control of the Mainland, Mao Tse-tung forbade opium smoking in China and a few opium growers were executed with great publicity. Yet shortly after this, Commissioner Anslinger placed an American complaint before the United Nations to the effect that the Communist Chinese were smuggling narcotics into Japan. His evidence was overwhelming and proved that during the early 1950s China was heavily engaged in the illicit drug trade.

When Mr. Anslinger made these charges at the U.N., the Soviet Union vigorously denied them. After the Sino-Soviet split, however, *Pravda,* in its issue of September 12, 1964, charged that Communist China was the biggest opium, morphine, and heroin producer in the world. Total proceeds from the illicit narcotics traffic were alleged to yield some $500 million annual revenue.

Drugs in Vietnam

Mr. Candlin expresses the view that the Chinese Communists were largely responsible for the drug offensive carried out against American servicemen in Vietnam. He reports of the investigation by John Steinberg of the Senate Subcommittee on Juvenile Delinquency who discovered that heroin which was 99.5% pure was being sold for as little as $1.00 a vial. Heroin which was only 10% pure, he noted, could be sold for at least $10.00 a vial. It was, states Candlin, thus clear that the increase in narcotics was by no means only a money making venture, but had other purposes.

The volume contains such eyewitness reports as that of Miss Yuan Moun-ru, who testified before the Asian and Pacific Affairs

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Subcommittee of the House Foreign Affairs Committee in May, 1972. A refugee from Communist China, Miss Yuan reported that, "My route of escape from China to Burma is via Yunnan Province. I rode through Lu River Valley and the district of Kaonigon Mountains. I saw with my own eyes the Chinese Communist liberation army growing opium in that area. So were the Burmese Communists and their mountain army under Chinese Communist influence."

Another statement of the Chinese Communist policy came on December 13, 1961 from Lawrence Sullivan, Coordinator of Information for the U.S. House of Representatives, who declared that, "For the first time in human history, the systematic production and distribution of narcotic drugs has become an organized government monopoly in Red China. In ten years, Mao Tse-tung has built up a virtual monopoly in opium, heroin, and morphine."

Prior to "detente," the author notes, there was real concern in Washington over Communist China's role in the narcotics traffic. This increased when Egyptian editor Mohammed Heikal reported a conversation in which Chou En-Lai had told President Nasser that, "We are planting the best kinds of opium especially for the Americans."

Now, however, there is an attempt to ignore this material. "The threat," Mr. Candlin writes, "has apparently been concealed from the public by persons who evidently had the desire to cultivate better relations with the Red Chinese."

With the publication of this important book, however, the burden of proof is placed upon those who deny such a role for the Peking regime. It seems unlikely that they will be able to meet it.

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